

JS 44C/SDNY
REV. 12/2005

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for use of the Clerk of Court for the purpose of initiating the civil docket sheet.

PLAINTIFFS AXA Equitable Life Insurance Company

DEFENDANTS Centre Life Insurance Company

ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

See Addendum A

ATTORNEYS (IF KNOWN)

See Addendum B

CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE)

Federal Rule of Civil Procedure 65 - Injunctive Relief

Has this or a similar case been previously filed in SDNY at any time? No ☒ Yes? ☐ Judge Previously AssignedIf yes, was this case Vol ☐ Invol. ☐ Dismissed. No ☐ Yes ☐ If yes, give date _____ & Case No. _____

(PLACE AN [x] IN ONE BOX ONLY)

NATURE OF SUIT

ACTIONS UNDER STATUTES

CONTRACT		TORTS		FORFEITURE/PENALTY		BANKRUPTCY		OTHER STATUTES	
[] 110 INSURANCE	[] 310 AIRPLANE	[] 362 PERSONAL INJURY -	[] 610 AGRICULTURE	[] 422 APPEAL	[] 400 STATE				
[] 120 MARINE	[] 315 AIRPLANE PRODUCT	MED MALPRACTICE	[] 620 FOOD & DRUG	28 USC 158	REAPPORTIONMENT				
[] 130 MILLER ACT	LIABILITY	[] 365 PERSONAL INJURY	[] 625 DRUG RELATED	[] 423 WITHDRAWAL	ANTITRUST				
[] 140 NEGOTIABLE	[] 320 ASSAULT, LIBEL &	PRODUCT LIABILITY	SEIZURE OF	28 USC 157	[] 430 BANKS & BANKING				
INSTRUMENT	SLANDER	[] 368 ASBESTOS PERSONAL	PROPERTY		[] 450 COMMERCE/CC				
[] 150 RECOVERY OF	[] 330 FEDERAL	INJURY PRODUCT	[] 630 LIQUOR LAWS	PROPERTY RIGHTS	RATES/ETC				
OVERPAYMENT &	EMPLOYERS'	LIABILITY	[] 640 RR & TRUCK	[] 820 COPYRIGHTS	[] 460 DEPORTATION				
ENFORCEMENT OF	LIABILITY		[] 650 AIRLINE REGS	[] 830 PATENT	ENCODED & CORRUPT				
JUDGMENT	[] 340 MARINE	PERSONAL PROPERTY	[] 660 OCCUPATIONAL	[] 840 TRADEMARK	ORGANIZATION ACT				
[] 151 MEDICARE ACT	[] 345 MARINE PRODUCT		[] 690 OTHER		(RICO)				
[] 152 RECOVERY OF	LIABILITY	[] 370 OTHER FRAUD		SOCIAL SECURITY	[] 480 CONSUMER CREDIT				
DEFAULTED	[] 350 MOTOR VEHICLE	[] 371 TRUTH IN LENDING		[] 861 MIA (1395FF)	[] 490 CABLE/SATELLITE TV				
STUDENT LOANS	[] 355 MOTOR VEHICLE	[] 380 OTHER PERSONAL	LABOR	[] 862 BLACK LUNG (923)	[] 810 SELECTIVE SERVICE				
(EXCL VETERANS)	PRODUCT LIABILITY	PROPERTY DAMAGE	[] 710 FAIR LABOR	[] 863 DIWC (405(g))	[] 850 SECURITIES/				
[] 153 RECOVERY OF	[] 360 OTHER PERSONAL	PRODUCT LIABILITY	[] 720 LABOR/MGMT	[] 863 DIWW (405(g))	COMMODITIES/				
OVERPAYMENT OF	INJURY		RELATIONS	[] 864 SSID TITLE XVI	EXCHANGE				
VETERANS BENEFITS			REPORTING &	[] 865 RSI (405(g))	[] 875 CUSTOMER				
[] 160 STOCKHOLDERS SUITS			DISCLOSURE ACT		CHALLENGE				
[] 190 OTHER CONTRACT			RAILWAY LABOR ACT	FEDERAL TAX SUITS	12 USC 3410				
[] 195 CONTRACT PRODUCT			OTHER LABOR	[] 870 TAXES	[] 891 AGRICULTURE ACTS				
LIABILITY			LITIGATION	[] 871 IRS-THIRD PARTY	[] 892 ECONOMIC				
[] 196 FRANCHISE			[] 790 OTHER LABOR	20 USC 7609	STABILIZATION ACT				
			[] 791 EMPL RET INC		[] 893 ENVIRONMENTAL				
			SECURITY ACT		MATTERS				
					[] 894 ENERGY				
					ALLOCATION ACT				
					[] 895 FREEDOM OF				
					INFORMATION ACT				
					[] 900 APPEAL OF FEE				
					DETERMINATION				
					UNDER EQUAL ACCESS				
					TO JUSTICE				
					[] 950 CONSTITUTIONALITY				
					OF STATE STATUTES				
					[] 690 OTHER STATUTORY				
					ACTIONS				

Check if demanded in complaint:

CHECK IF THIS IS A CLASS ACTION
UNDER F.R.C.P. 23DO YOU CLAIM THIS CASE IS RELATED TO A CIVIL CASE NOW PENDING IN S.D.N.Y.?
IF SO, STATE:

DEMAND \$ _____ OTHER _____ JUDGE _____ DOCKET NUMBER _____

Check YES only if demanded in complaint
JURY DEMAND: ☐ YES ☒ NO

NOTE: Please submit at the time of filing an explanation of why cases are deemed related.

(SEE REVERSE)

(PLACE AN x IN ONE BOX ONLY)

ORIGIN

- ☒ 1 Original Proceeding
- ☐ 2a. Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from (Specify District)
- ☐ 6 Multidistrict Litigation
- ☐ 7 Appeal to District Judge from Magistrate Judge Judgment
- ☐ 2b. Removed from State Court
AND at least one party is a pro se litigant

(PLACE AN x IN ONE BOX ONLY)

BASIS OF JURISDICTION

- ☐ 1 U.S. PLAINTIFF
- ☐ 2 U.S. DEFENDANT
- ☐ 3 FEDERAL QUESTION (U.S. NOT A PARTY)
- ☒ 4 DIVERSITY

IF DIVERSITY, INDICATE
CITIZENSHIP BELOW.
(28 USC 1332, 1441)

CITIZENSHIP OF PRINCIPAL PARTIES (FOR DIVERSITY CASES ONLY)

(Place an [X] in one box for Plaintiff and one box for Defendant)

CITIZEN OF THIS STATE	PTF DEF <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 1	CITIZEN OR SUBJECT OF A FOREIGN COUNTRY	PTF DEF <input type="checkbox"/> 3 <input type="checkbox"/> 3	INCORPORATED and PRINCIPAL PLACE OF BUSINESS IN ANOTHER STATE	PTF DEF <input type="checkbox"/> 5 <input type="checkbox"/> 5
CITIZEN OF ANOTHER STATE	<input type="checkbox"/> 2 <input checked="" type="checkbox"/> 2	INCORPORATED or PRINCIPAL PLACE OF BUSINESS IN THIS STATE	<input type="checkbox"/> 4 <input type="checkbox"/> 4	FOREIGN NATION	<input type="checkbox"/> 6 <input type="checkbox"/> 6

PLAINTIFF(S) ADDRESS(ES) AND COUNTY(IES)

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104

DEFENDANT(S) ADDRESS(ES) AND COUNTY(IES)

Centre Life Insurance Company
1350 Main Street
Springfield, MA 01103

DEFENDANT(S) ADDRESS UNKNOWN

REPRESENTATION IS HEREBY MADE THAT, AT THIS TIME, I HAVE BEEN UNABLE, WITH REASONABLE DILIGENCE, TO ASCERTAIN THE RESIDENCE ADDRESSES OF THE FOLLOWING DEFENDANTS:

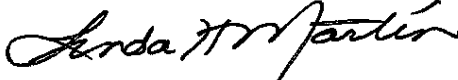
Check one: THIS ACTION SHOULD BE ASSIGNED TO: ☐ WHITE PLAINS ☒ FOLEY SQUARE
(DO NOT check either box if this a PRISONER PETITION.)

DATE

2/19/08

RECEIPT #

SIGNATURE OF ATTORNEY OF RECORD



ADMITTED TO PRACTICE IN THIS DISTRICT

☐ NO☒ YES (DATE ADMITTED Mo. July Yr. 1997)

Attorney Bar Code # LM 9219

Magistrate Judge is to be designated by the Clerk of the Court.

Magistrate Judge _____ is so Designated.

J Michael McMahon, Clerk of Court by _____ Deputy Clerk, DATED _____.

UNITED STATES DISTRICT COURT (NEW YORK SOUTHERN)

Addendum A

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Agnès Dunogué
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Attorneys for Defendant Centre Life Insurance Company

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

-----X	
AXA EQUITABLE LIFE INSURANCE	:
COMPANY (f/k/a THE EQUITABLE LIFE	: Case No.: _____
ASSURANCE SOCIETY OF THE UNITED	:
STATES),	:
	: [CONDITIONALLY] FILED UNDER
Plaintiff:	SEAL
	:
vs.	: [SUBJECT TO MOTION TO FILE
	UNDER SEAL]
	:
CENTRE LIFE INSURANCE COMPANY,	:
	:
Defendant:	:
	:
-----X	

VERIFIED COMPLAINT

Plaintiff AXA Equitable Life Insurance Company ("AXA Equitable") by its attorneys Simpson Thacher & Bartlett LLP, for its complaint against defendant Centre Life Insurance Company ("Centre Life" or "Centre"), respectfully alleges as follows:

NATURE OF ACTION

1. While in run-off and in an apparently serious financial condition, Centre Life Insurance Co. ("Centre" or "Centre Life") is in breach of its obligation to fund a trust which was established for the purpose of insulating AXA Equitable from weakness in Centre's financial condition. Specifically, Centre has not deposited funds to make up a shortfall in the trust – a shortfall which now stands at \$179,454,336.

2. In July 2000, AXA Equitable transferred its closed block of individual disability income insurance policies (the "Disability Block") to Centre. At the time of the transaction, AXA Equitable stated its clear intention to be entirely out of the business. Therefore, and as a result of legal restrictions on AXA Equitable's ability to assign the primary

liability for the underlying disability insurance policies, the transaction was structured as a 100% indemnity reinsurance agreement (the “Reinsurance Agreement”), together with a number of ancillary credit support agreements designed to insulate AXA Equitable completely from the cost of future claims in the event Centre became insolvent. As part of the transaction, Centre agreed to bear 100% of the financial risk in connection with the Disability Block and, in return, AXA Equitable paid Centre approximately \$1.5 billion.

3. The credit support agreements required Centre to maintain the portion of its assets supporting its liabilities (known as “reserves”) for the business in a reserve trust (the “Reserve Trust”) in which Equitable holds a security interest, so that Equitable could ensure that Centre would be able to meet its actuarially expected obligations under the Reinsurance Agreement. Pursuant to the relevant agreements, Centre is required to “true-up” the Reserve Trust each quarter to account for fluctuations in the value of the assets and in the calculation of Centre’s reserves.

4. Centre’s most recent reports show that the trust has a current shortfall of nearly *\$180 million*. Centre, however, is refusing to fund the shortfall. Moreover, Centre Life’s unwillingness or inability to obtain support from its contractual sureties and guarantors, including its ultimate, Switzerland-based parent Zurich Insurance Company, bodes ill for AXA Equitable’s own ability to seek relief from those entities. Centre’s financial condition, and inability or refusal to fund the shortfall in the Reserve Trust, subjects AXA Equitable to irreparable harm in the event injunctive relief is not granted.

5. Centre’s under-funding of the Reserve Trust comes on the eve of an arbitration between the parties involving separate issues and claims, which Centre has claimed somehow relieves it of its obligation to fund the indisputable shortfall in the Reserve Trust.

Centre's speculative and disputed arbitration claims against AXA Equitable will be resolved at some indeterminate future time by the arbitral panel. In the meantime, there is no basis for Centre to refuse to deposit into the Reserve Trust the funds that are now due and owing.

6. It is undisputed that the Reserve Trust is under-funded. It also is beyond dispute that the Reserve Trust shortfall is owed to the Reserve Trust – and not to AXA Equitable – and therefore does not constitute an asset owned by AXA Equitable, or a debt owed by Centre Life to AXA Equitable. Rather, the agreements provide that the funds were set aside in a trust to ensure Centre's ability to meet its indemnity obligations with respect to the claims of the 90,000 disability insurance policyholders in the Disability Block. As a result, Centre should be immediately required to fund the shortfall in the Reserve Trust, and to continue to fund any shortfalls that arise in the future.

JURISDICTION AND VENUE

7. This Court has jurisdiction pursuant to 28 U.S.C. § 1332 and 28 U.S.C. § 1367.

8. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b) and (c) because a substantial part of the events that give rise to this action occurred in this district and because, upon information and belief, Centre Life transacts business in this district.

9. The parties also specifically agreed in a Credit Support Agreement dated as of July 1, 2000 that each is entitled to obtain “injunctive or other equitable relief to prevent breaches and to enforce specifically the terms and provisions of th[e] Credit Support Agreement

in any court in the State of New York, or any court of the United States located in the State of New York.” Ex. 4 (Credit Support Agreement) § 7.4.¹

PARTIES

10. AXA Equitable, formerly known as The Equitable Life Assurance Society of the United States, is a New York corporation whose principal place of business is in New York.

11. Centre Life, formerly known as Massachusetts Casualty Insurance Company (“Massachusetts Casualty”), is incorporated under the laws of Massachusetts and has its principal place of business in Massachusetts. In 1999, Massachusetts Casualty was acquired by the Zurich Financial Services Group and changed its name to Centre Life Insurance Company. Upon information and belief, Centre Life is currently in run-off.

FACTUAL BACKGROUND

I. AXA EQUITABLE SEEKS TO DISPOSE OF ITS BLOCK OF INDIVIDUAL DISABILITY INCOME INSURANCE BUSINESS

12. In 1999, AXA Equitable decided to exit the individual disability insurance business by transferring the Disability Block to another insurance company.

13. AXA Equitable engaged the services of prominent investment bank Goldman, Sachs & Co. (“Goldman”), to market and solicit bids for the Disability Block.

14. AXA Equitable’s goal in the transaction, as Centre Life recognized and acknowledged, was for AXA Equitable to be 100% out of the business when the transaction was concluded.

¹ All references to “Ex.” herein are to exhibits annexed to the Affidavit of Linda H. Martin, dated February 19, 2008, and submitted herewith and in connection with AXA Equitable’s Motion, By Order To Show Cause, for Temporary Restraining Order and Preliminary And Permanent Injunction.

15. Goldman prepared and, in August 1999, circulated an information package to potential purchasers containing data and detailed projections of future experience under the Disability Block (“the Offering Memorandum”). The information in the Offering Memorandum was provided subject to an express disclaimer of representations and warranties.

16. The following month, before any negotiations or due diligence commenced, Centre Life and AXA Equitable executed a formal, written Confidentiality Agreement, which included an express disclaimer of representations and warranties made during due diligence.

II. AXA EQUITABLE ENTERS INTO AGREEMENTS WITH CENTRE LIFE, INCLUDING REINSURANCE AGREEMENT AND RELATED AGREEMENTS PROVIDING FOR CREDIT SUPPORT OBLIGATIONS OF CENTRE LIFE

17. On July 20, 2000, Centre Life and AXA Equitable entered into a 100% Quota Share Reinsurance Agreement (the “Reinsurance Agreement”). Ex. 3. The transaction was structured as a 100% indemnity reinsurance contract together with various other related agreements to protect AXA Equitable against credit risk exposure to Centre Life. *Id.* Although AXA Equitable remained liable as the insurer on the disability insurance policies, the transaction was structured to relieve AXA Equitable of all future financial risk on its Disability Block. *See id.*

18. AXA Equitable paid over \$1.5 billion in transferring this business – and that financial risk – to Centre Life.

19. AXA Equitable received extensive credit support for Centre Life’s obligations. The parties agreed that Centre Life would provide the credit support memorialized in a Credit Support Agreement, dated as of July 1, 2000, by and between AXA Equitable and Centre Life (“Credit Support Agreement”), Ex. 4, as well as other related agreements. These included a Reserve Trust Agreement, dated as of July 1, 2000, by and between AXA Equitable,

Centre Life and The Bank of New York (“Reserve Trust Agreement”), Ex. 5, and a Security Trust Agreement, dated as of July 1, 2000, by and between AXA Equitable, Centre Life and The Bank of New York (“Security Trust Agreement”), Ex. 6.

20. Inadequate credit support from Centre Life was a deal-breaker for AXA Equitable. The credit support memorialized in the Reinsurance Agreement and the related agreements was consistent with AXA Equitable’s conditioning of the closing of the transaction on (i) the execution and delivery of a credit support agreement, and (ii) AXA Equitable finding satisfactory Centre Life’s credit support proposal. *See* Ex. 2 (Letter of Intent between Centre Life and AXA Equitable, dated May 18, 2000) at sec. 1(a)(v), (f). In addition, AXA Equitable reserved the right to walk away from the transaction if Centre Life’s credit support proposal proved unsatisfactory. *See id.* at sec. 3(g).

21. Under these credit support obligations, Centre Life must maintain, in a “Reserve Trust,” assets at a market value equal to or in excess of its reserves with respect to the Disability Block computed quarterly on a U.S. GAAP basis (the “Reserve Amount”). *See* Ex. 4 (Credit Support Agreement) at Exhibit A, sec. A.1.a. (providing that Reserve Trust “will at all times during the term of the Transaction hold assets at market value equal to or in excess of the [Centre Life] reserves . . . attributable to the reinsured disability income business, computed quarterly on a U.S. GAAP basis”); Ex. 5 (Reserve Trust Agreement) § 1(a), (d); *id.* § 10 (defining “Reserve Amount” as “the amount of gross reserves and other liabilities or contra assets attributable to the liabilities of [Centre Life] under the [Reinsurance Agreement], calculated . . . in accordance with generally accepted accounting principles in the United States”); *see also* Ex. 3 (Reinsurance Agreement) art. IX (providing that Centre Life “shall establish and maintain adequate reserves with respect to the [Disability Block]”).

22. If at the end of any calendar quarter the current fair market value of the assets in the Reserve Trust (as set forth in a Trustee Valuation Report) is less than the Reserve Amount, Centre Life is required to deposit the difference in the Reserve Trust within ten business days after the Trustee's delivery of the Valuation Report (which must be sent within ten business days after the end of each month). Ex. 5 (Reserve Trust Agreement) § 1(d), (e).

23. AXA Equitable is the beneficiary of the Reserve Trust, and of a security interest in it, but does not own the Trust or the funds therein. *See* Ex. 5 (Reserve Trust Agreement) § 1(a), (f); *see also* Ex. 7 (UCC Financing Statement). Furthermore, AXA Equitable is entitled to withdraw funds from the Reserve Trust in the ordinary course to "pay[] or reimburs[e] payment of then current claims and claims expenses under the reinsured business." *See* Ex. 4 (Credit Support Agreement) § 5.1(b) & Exhibit A, sec. D.1.c.

24. Centre Life also entered into related surety bond agreements, dated as of January 1, 2000, with Centre Reinsurance (U.S.) Limited ("CRUS") and Centre Solutions (U.S.) Limited ("CSUS"), under which CRUS and CSUS agreed to provide Centre Life with sufficient funds to make up certain shortfalls in Centre Life's net worth. *See* Exs. 8 and 9. Under these agreements, Centre Life must enforce its rights against the sureties, for the benefit of AXA Equitable, if it fails to meet its obligations to fund the Reserve Trust. Ex. 8 § 7; Ex. 9 § 7.

25. In February 2004, Standard & Poor's ("S&P") downgraded the credit rating of various Centre companies, including downgrading CRUS and CSUS to an "A-" rating. After its ratings downgrade, CRUS entered into a Guarantee Agreement with its parent Zurich Insurance Company ("ZIC"), pursuant to which the latter guaranteed CRUS's obligation under the Surety Bond. *See* Ex. 10; *see also* Ex. 11 (Guaranty Rights Agreement).

III. CENTRE LIFE BREACHES THE PARTIES' AGREEMENTS, INCLUDING THE CREDIT SUPPORT AGREEMENT AND THE RESERVE TRUST AGREEMENT

26. At the end of 2007, and as was notified to AXA Equitable just weeks ago, Centre restated its reserves in connection with the Disability Book. As a result, the Reserve Trust is under-funded by about \$180 million.

27. Specifically, as of December 31, 2007, Centre Life's Reserve Amount was \$1,751,546,000, as reflected in the Reserve Amount Statement 4Q2007. Ex 19. At the same time, a Valuation Report issued by the trustee in January shows the market value of the assets in the Reserve Trust to be \$1,572,091,664 as of December 31, 2007. Ex 12. This results in a difference of *\$179,454,336* (the "Reserve Trust Shortfall").

28. Centre was required to deposit this amount in the Reserve Trust within ten days of receiving the Valuation Report, *see* Ex. 5 (Reserve Trust Agreement) § 1(d), but upon information and belief has not done so.

29. The market value of the assets in the Reserve Trust has fluctuated over the past two years primarily due to interest rate changes which has resulted in prior instances of under- or over- funding.² The Reserve Trust Shortfall has increased fourfold from the prior shortfall of about \$42.4 million in the third quarter of 2007. *See* Ex. 21 (Reserve Amount Statement for 3Q2007), Ex. 13 (Valuation Report for 3Q2007 (excerpt)). Furthermore, contrary to prior shortfalls, the current Shortfall is primarily due to the restatement by Centre Life of its

² The Reserve Trust was over-funded by about \$15.6 million at one point (the second quarter of 2006), and under-funded by varying amounts during other quarters. *See* Exs. 12 to 24 (Valuation Reports (relevant excerpts) and Reserve Amount Statements). At the time of the largest prior shortfall, in the second quarter of 2006, AXA Equitable notified Centre Life that the latter was required to deposit the difference of \$104 million into the Reserve Trust within ten business days after receipt of the Trustee's June 30, 2006 Valuation Report. Pursuant to section 2(b) of the Security Trust Agreement, Centre Life then requested that the approximately \$59.5 million in a "Security Trust Account." The Security Trust now is entirely depleted. *See* Ex. 25.

reserves made, according to Centre Life, “after an extensive review of claims experience.” *See* Ex. 34 (Email from Timothy P. Swankey, Actuary, Disability Management Services, Inc., to Samuel Gut, AXA Equitable Life Insurance Company, *et al.* (Jan. 9, 2008)).³ According to Centre Life, these restatements reflect its own “best estimates based on mortality improvements seen in past experience and expected in the future.” *Id.*

30. Finally, unlike prior instances of under-funding, this Shortfall results from a reserve increase during the fourth quarter of 2007. Although Centre Life’s 2007 year-end financial statement has not yet been released, its third quarter statement as of September 30, 2007, shows a surplus of only approximately \$85 million. *See* Ex. 35.

IV. CENTRE’S BREACH OCCURS ON THE EVE OF ARBITRATION PERTAINING TO SEPARATE CLAIMS BROUGHT BY CENTRE AND IN THE FACE OF CENTRE’S QUESTIONABLE FINANCIAL CONDITION

31. The current Reserve Trust Shortfall comes on the eve of an arbitration hearing, concerning separate claims brought by Centre Life (the “Arbitration”). Centre improperly has used the existence of the Arbitration, and its alleged and disputed claims against Equitable, to argue that it does not need to fund the Reserve Trust Shortfall. The Arbitration claims against Equitable are distinct and separate from Centre’s obligations to the Reserve Trust.

32. At approximately the time when S&P downgraded the credit rating of various Centre companies, and after having entered runoff, Centre Life brought in new management, resulting in a change in tone between Centre Life and AXA Equitable. On April 29, 2005, Centre Life’s new president, run-off specialist Richard Grilli, sent a letter to AXA Equitable complaining about, *inter alia*, alleged errors in data provided in connection with the reinsurance transaction.

³ Upon information and belief, Disability Management Services, Inc. (“DMS”), in which Centre Life has an ownership interest, is the administrator of the Disability Block.

33. Centre Life initiated arbitration in June 2006 and a hearing is scheduled to begin on March 10, 2008, with respect to this dispute. An arbitral award will be issued in due course; there is of course no known time-line for an ultimate resolution.

34. When AXA Equitable has demanded previously that Centre Life make up what then was a smaller shortfall in the trust, Centre Life responded by citing to the right of offset provided in Article XII of the Reinsurance Agreement.

35. That provision provides Centre Life with the right to set off mutual debts, *i.e.*, “[a]ny debts or credits . . . in favor of or against either the Company [AXA Equitable] or the Reinsurer [Centre Life]” under the inter-related transaction documents. Ex. 3 art. XII. The offset provision does not state that “disputed” debts are entitled to set-off. Instead, it states only that mutual “debts or credits” which are “matured or unmatured” or “liquidated or unliquidated” are subject to the offset right. *Id.*

COUNT I

(Injunctive Relief – Violations of the Reserve Trust Agreement)

36. AXA Equitable hereby repeats and realleges each and every allegation made in paragraphs 1 through 35 of this Complaint as if fully set forth herein.

37. The Reserve Trust Agreement requires Centre to establish a Reserve Trust Account. Ex. 5 (Reserve Trust Agreement) § 1(a).

38. The Reserve Trust Agreement further states that:

If at the end of any calendar quarter the current fair market value of the [a]ssets in the Reserve Trust Account shown on the Trustee’s Valuation Report for the end of that quarter is less than the Reserve Amount shown in the Reserve Amount Statement for the end of that quarter, [Centre] shall within ten (10) Business Days after the delivery of the Valuation Report deposit or cause to be deposited additional Assets into the Reserve Trust Account such that the fair market value of the Assets at the end of the calendar quarter, after giving effect to such additional deposit, is at least equal to the Reserve Amount.

Id. § 1(d).

39. The Reserve Amount is “the amount of gross reserves and other liabilities or contra assets attributable to the liabilities of [Centre Life] under the [Reinsurance Agreement], calculated . . . in accordance with generally accepted accounting principles in the United States.”

Id. § 10.

40. On December 31, 2007, Centre Life’s Reserve Amount was \$1,751,546,000.

41. The Valuation Report issued by the trustee in January shows the market value of the assets in the Reserve Trust to be \$1,572,091,664 as of December 31, 2007.

42. The market value of the assets in the Reserve Trust is \$179,454,336 below the Reserve Amount.

43. Centre was obligated to pay or cause to be paid \$179,454,336 into the Reserve Trust Account within ten business days after receiving the January Valuation Report.

44. Upon information and belief, Centre has not paid or caused to be paid \$179,454,336 into the Reserve Trust Account.

45. By failing to maintain the full amount of the Reserve Amount in the Reserve Trust, Centre has breached the Reserve Trust Agreement.

46. Accordingly, AXA Equitable requests that the Court demand that Centre immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust.

47. AXA Equitable further requests that the Court demand that Centre fund, or cause to be funded, any shortfall in the Reserve Trust that arises in the future.

COUNT II
(Injunctive Relief – Violations of the Credit Support Agreement)

48. AXA Equitable hereby repeats and realleges each and every allegation made in paragraphs 1 through 47 of this Complaint as if fully set forth herein.

49. The Credit Support Agreement provides that Centre “will provide Credit Support consisting of its own net worth and the Reserve Trust.” Ex. 4 (Credit Support Agreement) at Exhibit A, sec. A.1

50. The Credit Support Agreement further provides that a “Reserve Trust” “will at all times during the term of the Transaction hold assets at market value equal to or in excess of the [Centre Life] reserves . . . attributable to the reinsured disability income business, computed quarterly on a U.S. GAAP basis.” *Id.* at Exhibit A, sec. A.1.a.

51. On December 31, 2007, the Centre Life reserves attributable to the reinsured disability income business totaled \$1,751,546,000.

52. The Valuation Report issued by the trustee in January shows the market value of the assets in the Reserve Trust to be \$1,572,091,664 as of December 31, 2007.

53. The Reserve Trust is under-funded by \$179,454,336.

54. By failing to maintain in the Reserve Trust “assets at market value equal to or in excess of the [Centre Life] reserves . . . attributable to the reinsured disability income business, computed quarterly on a U.S. GAAP basis,” Centre has breached the Credit Support Agreement.

55. Accordingly, AXA Equitable requests that the Court demand that Centre immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust.

56. AXA Equitable further requests that the Court demand that Centre fund, or cause to be funded, any shortfall in the Reserve Trust that arises in the future.

COUNT III**(Injunctive Relief – Violations of the Centre Reinsurance (U.S.) Limited Surety Bond)**

57. AXA Equitable hereby repeats and realleges each and every allegation made in paragraphs 1 through 56 of this Complaint as if fully set forth herein.

58. The Surety Bond between Centre Reinsurance (U.S.) Limited in favor of Centre Life, dated as of January 1, 2000 (“CRUS Surety Bond”), states that “[u]pon failure by [Centre] to meet its payment obligations to any Counterparty in respect of any Covered Product, [Centre] agrees, for the benefit of such Counterparty, that [Centre] will enforce its rights against Surety under this Surety Bond.” Ex. 9 (CRUS Surety Bond) § 7.

59. “Counterparty” in the CRUS Surety Bond means “any Person that is party to, or is entitled to payment or performance by [Centre] under, any Covered Product.” *Id.* § 1.

60. “Covered Product” in the CRUS Surety Bond means “any of the following if issued or executed and delivered on or after January 1, 2000: any insurance, reinsurance, surety or derivative contract; . . . any obligation to post margin or collateral; any obligation to provide liquidity or otherwise provide funds to any other Person; any other product or instrument similar to any of the foregoing; and any other product or instrument identified as a ‘Covered Product’ in a certificate executed by an authorized officer of Surety.” *Id.*

61. The trustee of the Reserve Trust is a Counterparty within the meaning of the CRUS Surety Bond, and the Reserve Trust Agreement and Credit Support Agreement are Covered Products within the meaning of the CRUS Surety Bond.

62. Centre has failed to meet its payment obligations to the trustee of the Reserve Trust, as set forth in the Reserve Trust Agreement and Credit Support Agreement.

63. Centre therefore is obligated to “enforce its rights against” CRUS for the benefit of the trustee of the Reserve Trust. Upon information and belief, it has failed to do so.

64. Accordingly, AXA Equitable requests that the Court demand that Centre enforce its rights against CRUS and demand that CRUS immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust.

65. AXA Equitable further requests that the Court demand that Centre fund, or cause to be funded, any shortfall in the Reserve Trust that arises in the future.

COUNT IV
(Injunctive Relief – Violations of the Centre Solutions (U.S.) Limited Surety Bond)

66. AXA Equitable hereby repeats and realleges each and every allegation made in paragraphs 1 through 65 of this Complaint as if fully set forth herein.

67. The Surety Bond between Centre Solutions (U.S.) Limited in favor of Centre Life, dated as of January 1, 2000 (“CSUS Surety Bond”), states that “[u]pon failure by [Centre] to meet its payment obligations to any Counterparty in respect of any Covered Product, [Centre] agrees, for the benefit of such Counterparty, that [Centre] will enforce its rights against Surety under this Surety Bond.” Ex. 8 (CSUS Surety Bond) § 7.

68. “Counterparty” in the CSUS Surety Bond means “any Person that is party to, or is entitled to payment or performance by [Centre] under, any Covered Product.” *Id.* § 1.

69. “Covered Product” in the CSUS Surety Bond means “any of the following if issued or executed and delivered on or after January 1, 2000: any insurance, reinsurance, surety or derivative contract; . . . any obligation to post margin or collateral; any obligation to provide liquidity or otherwise provide funds to any other Person; any other product or instrument similar to any of the foregoing; and any other product or instrument identified as a ‘Covered Product’ in a certificate executed by an authorized officer of Surety.” *Id.*

70. The trustee of the Reserve Trust is a Counterparty within the meaning of the CSUS Surety Bond, and the Reserve Trust Agreement and Credit Support Agreement are Covered Products within the meaning of the CSUS Surety Bond.

71. Centre has failed to meet its payment obligations to the trustee of the Reserve Trust, as set forth in the Reserve Trust Agreement and Credit Support Agreement.

72. Centre therefore is obligated to “enforce its rights against” CSUS for the benefit of the trustee of the Reserve Trust. Upon information and belief, it has failed to do so.

73. Accordingly, AXA Equitable requests that the Court demand that Centre enforce its rights against CSUS and demand that CSUS immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust.

74. AXA Equitable further requests that the Court demand that Centre fund, or cause to be funded, any shortfall in the Reserve Trust that arises in the future.

PRAYER FOR RELIEF

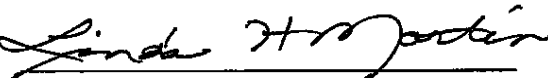
WHEREFORE, AXA Equitable prays that the Court enter judgment against Centre Life as follows:

- a. A preliminary and permanent injunction compelling Centre Life to immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust;
- b. A preliminary and permanent injunction compelling Centre Life, in the alternative, to enforce its rights against CRUS and/or CSUS and demand that CRUS and/or CSUS immediately deposit, or cause to be deposited, \$179,454,336 into the Reserve Trust;

- c. A preliminary and permanent injunction compelling Centre Life to fund, or cause to be funded, any shortfall in the Reserve Trust that arises in the future;
- d. For such other and further relief as this Court may deem just and proper.

Dated: February 19, 2008

SIMPSON THACHER & BARTLETT LLP

By: 

Barry R. Ostrager (BR 5379)

Email: bostrager@stblaw.com

Linda H. Martin (LM 9219)

Email: lmartin@stblaw.com

Agnès Dunogué (AD 1977)

Email: adunogue@stblaw.com

25 Lexington Avenue

New York, New York 10017-3909

Telephone: (212) 455-2000

Facsimile: (212) 455-2502

*Attorneys for Plaintiff AXA Equitable Life
Insurance Company*

VERIFICATION

I, Jonathan E. Gaines, declare as follows:

I am a Vice President and Associate General Counsel at AXA Equitable Life Insurance Company ("AXA Equitable"), and I am authorized to make this declaration on behalf of AXA Equitable. I have read and know the contents of the foregoing Complaint; that the same is true to my own knowledge or based on a review by me of records and documents in my possession or in the possession of AXA Equitable, except as to matters therein stated to be alleged on information and belief, and that as to those matters, I believe it to be true. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: February 19, 2008


Jonathan E. Gaines

Sworn to me this
19th day of February,
2008


Notary Public.

JESSICA KERR
NOTARY PUBLIC, State of New York
No. 01KE6172378
Qualified in Queens County
Commission Expires Aug. 6, 2011

SEP 10 1999 10:31 AM PM ZC HEALTHCARE MGMT. CO.

NO. 893 P. 2/5
NO. 589 P. 2Goldman, Sachs & Co. | 85 Broad Street | New York, New York 10004
Tel: 212-902-1000

(Goldman Sachs)

PERSONAL AND CONFIDENTIAL

September 9, 1999

Centre Life Insurance Company
One Chase Manhattan Plaza
35th Floor
New York, NY 10005Attention: Mr. Joel Klaassen
Senior Vice President

Gentlemen:

In connection with your consideration of a possible transaction with The Equitable Life Assurance Society of the United States (the "Company") in respect of its Disability Income Business (the "Transaction"), you have requested and will have access to certain information. As a condition to your being furnished such information by us or representatives of our financial, legal, accounting or other advisors (collectively, "our Representatives"), you agree to treat any information concerning the Company which is furnished to you in accordance with the following and to take or abstain from taking certain other actions herein set forth (it being understood that you are also agreeing to cause your affiliates and representatives of your financial, legal, accounting and other advisors (such as affiliates and representatives collectively, "your Representatives") to comply with the provisions hereof).

As used herein, the term "Evaluation Material" refers to any and all information, whether in documentary, database, electronic media or any other form, concerning the Company including, without limitation, information about and/or identifying customers, actual or prospective, of the Disability Income Business, together with any and all additional financial, technical, commercial or other information related to the Disability Income Business as has been or may hereafter be provided to you by us and our Representatives and any analyses, compilations, computer records, studies, documents or other material prepared by you or your Representatives during the review of such information by you and your Representatives which contain, otherwise reflect or are based upon such information.

The term "Evaluation Material" does not include any information that (a) at the time of disclosure or thereafter is generally available to and known by the public (other than as a result of a disclosure directly or indirectly by you or your Representatives), (b) was available to you on a non-

New York | London | Tokyo | Boston | Chicago | Dallas | Frankfurt | Geneva | Hong Kong | Houston | Los Angeles | Memphis
Miami | Milan | Montreal | Osaka | Paris | Philadelphia | San Francisco | Singapore | Sydney | Toronto | Vancouver | Zurich

9/10/99 10:30a

CONFIDENTIAL

CTR-A 018429

SEP. 10. 1999 10:31 AM ZC HEALTHCARE MGMT. CO.

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NO. 589 P. 3

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confidential basis from a source other than a source that is subject to any confidentiality obligation to any person with respect to such information or (c) has been independently acquired or developed by you without violating any of your obligations under this Agreement. The term "person" as used in this Agreement shall be interpreted broadly to include, without limitation, any corporation, company, partnership or individual. You agree that the Evaluation Material will be used solely for the purpose of evaluating the Transaction. You agree that the Evaluation Material will be kept confidential by you and that you will not disclose any Evaluation Material to any person, except that you may disclose the Evaluation Material or portions thereof to those of your officers and employees and your Representatives who need to know such information for the purpose of evaluating the Transaction (it being understood that, before disclosing the Evaluation Material or any portion thereof to your Representatives, you will inform them of the confidential nature of the Evaluation Material and obtain their agreement to be bound by the terms of this Agreement and not to disclose such information to any other person). You agree that you will not duplicate or distribute any Evaluation Material to anyone other than your Representatives without our prior written authorization and that you will be fully responsible for any breach of this Agreement by your Representatives.

You hereby agree to indemnify us and hold us harmless from any damage, loss, cost, or liability (including reasonable legal fees and the cost of enforcing this indemnity) in respect of third party action arising out of or resulting from any unauthorized use or disclosure by you or your Representatives of the Evaluation Material in violation of the Agreement.

In the event that you or any of your Representatives become legally compelled (by deposition, interrogatory, request for documents, subpoenas, civil investigative demand or other legal or judicial process) to disclose any of the Evaluation Material, you shall promptly inform us of the circumstances and provide us with prior written notice of such requirements so that we may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. You also agree to fully cooperate with any legally permissible steps we may determine to take to obtain a protective order or otherwise to limit such disclosure, provided, however that any costs associated with obtaining such protective order shall be borne by us. In the event that such protective order or other remedy is not obtained, or that we waive compliance with the provisions hereof, you agree to furnish only that portion of the Evaluation Material which you are advised by written opinion of counsel is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded such Evaluation Material.

If you determine not to proceed with the Transaction, you will promptly inform us of that decision and, in that case, or at any time upon our request, you will promptly return to us any and all Evaluation Material in your possession or in the possession of your Representatives without retaining any copy thereof, and you will promptly destroy all copies of any analyses, compilations, computer records, studies, documents or other material prepared by you or your Representatives which

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Centre Life Insurance Company
September 9, 1999
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contains or reflects any Evaluation Material and confirm such destruction in writing to us provided that you shall be entitled to retain that portion of the Evaluation Material for legal, regulatory or internal compliance purposes, which will continue to be treated as confidential on the terms hereof.

Without our prior written consent, you will not, and will direct your Representatives not to, disclose to any person (a) the fact that any investigations, discussions or negotiations are taking place concerning a possible Transaction between us and you, (b) that you have requested or received Evaluation Material from us or (c) any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof.

You agree that you will not, as a result of knowledge or information directly obtained during your discussions and investigations relating to the transaction, or from the Evaluation Material, without our prior written consent, hire or solicit for employment any of our officers having the title of Vice President or higher, or any similar title, or directors for a period of one year from the date hereof. Notwithstanding the foregoing, the following shall be permitted hereunder: (i) general newspaper advertisements and other general circulation material, (ii) engagement of a search firm to conduct a broad based search or other means of general solicitation, and (iii) the hiring by you of any person who contacts you on his or her own initiative or as a result of any solicitation permitted pursuant to this Agreement.

Although you understand that we have endeavored to include in the Evaluation Material information known to us which we believe to be relevant for purpose of your investigation of the Transaction, you further understand and acknowledge that neither we nor any of our Representatives are making any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material. You agree to the fullest extent permitted by law, that neither we nor any of our Representatives will have any liability to you or any other person on any basis resulting from your or your Representative's use of or reliance upon the Evaluation Material. Only those representations and warranties that are made in a definitive agreement relating to a Transaction, when and if it is executed, and subject to such limitations and restrictions as may be specified in such agreement, shall have any legal effect.

You acknowledge and agree that (a) we and our Representatives are free to conduct the process leading up to a possible Transaction as we and our Representatives, in our sole discretion, determine and (b) we reserve the right, in our sole discretion, to change the procedures relating to our consideration of the Transaction at any time without prior notice to you or any other person, to reject any and all proposals made by you or your Representatives with regard to the Transaction, and to terminate discussions and negotiations with you at any time and for any reason.

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CTR-A 018431

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ZC HEALTHCARE MGMT
CORP. & CO.NO. 898 P. 5/5
NO. 588 P. 5

Centre Life Insurance Company
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You agree that, in the event of any breach of any provision of this Agreement, we shall be entitled to seek equitable relief, including relief in the form of injunctions and orders for specific performance, in addition to all other remedies available to us at law or in equity.

You hereby acknowledge that you are aware, and that you will advise such directors, officers, employees and Representatives who are informed as to the matters which are the subject of this letter, that the United States securities laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this letter from purchasing or selling securities of such issuer or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities in reliance upon such information.

If any provision hereof shall be determined to be void or unenforceable in any jurisdiction, the validity and effectiveness of the remaining provisions shall not be affected.

This Agreement is for our benefit and will be governed by and construed in accordance with the laws of the State of New York and shall terminate one year from the date upon which you destroy or return the Evaluation Material to us, as the case may be.

The Equitable Life Assurance Society of the United States

By: Goldman Sachs + Co.
Goldman, Sachs & Co.
on behalf of The Equitable Life Assurance Society of the United States

Confirmed and Agreed to:

Centre Life Insurance Company

By: [Signature]
Name: Michael Sweeney
Title: President
Date: 9/10/99

9/10/99:10:30a

CONFIDENTIAL

CTR-A 018432

CENTRE

May 18, 2000

Mr. Stanley B. Tulin
Vice Chairman of the Board
and Chief Financial Officer
The Equitable Life Assurance Society
of the United States
1290 Avenue of the Americas
New York, New York 10104

Re: Letter of Intent

Dear Stan:

We wish to affirm the mutual interest of The Equitable Life Assurance Society of the United States ("Equitable") on the one hand, and Centre Life Insurance Company ("Centre") on the other hand, in moving forward with the transaction described in this letter (the "Transaction") for the reinsurance of Equitable's block of Individual Disability Income insurance business (the "IDI Business").

This letter ("Letter of Intent") is conditioned upon your returning the countersigned copy of this Letter of Intent to us (by FAX to the number we provide) by no later than close of business on May 18, 2000. If we have not received the countersigned copy of this Letter of Intent by such time, this Letter of Intent shall be deemed to have expired and shall be of no force or effect ab initio.

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Stanley B. Tulin
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This Letter of Intent does not contain all terms upon which agreement must be reached in order for Definitive Agreements (as defined herein) to be entered into and the Transaction to be consummated and is not meant to be exhaustive with respect to the terms and conditions needed to consummate the Transaction. A binding agreement with respect to the Transaction will result only from the execution and delivery of the Definitive Agreements by Centre and Equitable. We would expect that certain of such terms set forth in this Letter of Intent may be amended or eliminated, and other terms, some of which may be material, could be added, in the course of our further due diligence and discussions or in the course of our further internal evaluation of the proposed Transaction. The parties hereto agree that no oral communications made by either party before, on or after the date hereof shall be relied upon or be binding for any purpose in any matter relating in any way to the Transaction. Centre hereby represents and warrants that all corporate actions, if any, required to enter into this Letter of Intent and in good faith negotiate the Definitive Agreements as contemplated hereby, have been taken.

The following terms of this Letter of Intent are binding on you and Centre upon your acceptance of this Letter of Intent prior to this Letter of Intent's expiration.

1. General Conditions Precedent to Closing. The consummation of the Transaction by each of the parties hereto shall be conditioned upon the fulfillment of such conditions precedent by the other party as are customary in transactions similar in size and nature to the Transaction, or otherwise appropriate for the Transaction or otherwise set forth in the Definitive Agreements or requested by Centre, Equitable or the other parties to the Definitive Agreements. Such conditions shall include without limitation:

- (a) execution and delivery of Definitive Agreements by the parties thereto, negotiated in good faith containing terms acceptable to Centre and Equitable each in their reasonable discretion, including without limitation, the parties' satisfaction as to the structure and legal aspects of the Transaction - such Definitive Agreements to include, at a minimum, (i) a reinsurance agreement between Equitable and Centre, (ii) a transition services agreement among Equitable, Centre, and Disability Management Services, Inc. (Centre's designated third party administrator, hereinafter, "DMS"), which shall among other things provide (x) Centre with the right, in order to facilitate the transition contemplated by such transition services agreement, to require that Equitable take all reasonable actions, including reasonable specified actions as directed by Centre and which Equitable is

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entitled to take under or pursuant to the provisions of its administration agreement with UnumProvident, with which Equitable presently has an agreement for the administration of IDI claims which are the subject of the Transaction (the "UP TPA Agreement"), relating to the provision of certain transition services upon termination of the UP TPA Agreement, including without limitation enforcement of those provisions, (y) Equitable with the right to consult with DMS and Centre regarding claims administration matters, and Centre and DMS shall use their commercially reasonable efforts to provide such claims administration advice as much as is practicable, and (z) in the event (I) Equitable fails for any reason to seek such enforcement or fails to take the reasonably specified actions, or (II) UnumProvident for any reason is in breach of the UP TPA Agreement with respect to providing the transition services contemplated, Centre may offset any and all damages, loss (other than consequential damages or loss), costs, and expenses Centre or DMS may incur as a result thereof against all sums otherwise owed by Centre to Equitable under any of the Definitive Agreements or otherwise), except that in the event of Clause (z)II, only the damages actually collected in litigation or other proceedings (including, but not limited to, any settlements of such litigation or other proceedings) against UnumProvident may be offset, (iii) a claims administration agreement among Equitable, Centre and DMS, (iv) a technical services agreement between Equitable, Centre and DMS (as Centre's designated administrator) to ensure access by DMS to Equitable's computer systems and software required by DMS to perform the services contemplated under the claims administration agreement during an agreed upon transition period following the Closing, and (v) a Credit Support agreement as described below;

(b) [intentionally omitted]

(c) the receipt of all consents, approvals, authorizations, licenses and orders of any applicable regulatory authority necessary or advisable in connection with the execution and delivery of the Definitive Agreements or the consummation of the Transaction (the "Regulatory Approvals");

(d) agreement between Equitable, Centre, and DMS on the appropriate transition plan from the management of the IDI business as it is performed today in connection with the transition services agreement;

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(e) the absence of any Material Adverse Change (as defined below) subsequent to the date hereof and prior to the execution of Definitive Agreements; and

(f) a determination by Equitable, with written notice thereof to Centre no later than the close of the second full business day immediately following delivery by Centre of the description of the Credit Support, that such Credit Support is satisfactory to Equitable.

"Credit Support" for the purpose of this Section 1 and Section 3 means a form of credit support for Centre's obligations under the Definitive Agreements that is satisfactory to Equitable in its sole discretion. The Credit Support shall be described by Centre to Equitable in writing, together with any supporting materials sufficient for Equitable to fully assess the Credit Support proposal, on or before May 24, 2000.

"Data Verification" for the purpose of this agreement shall mean the completion of the procedures described in Exhibit A. Centre and Equitable agree to the following with respect to Data Verification:

(a) Not later than June 6, 2000 (the "Delivery Date"), Centre shall give Equitable written notice of one of the following:

- (i) that the Cash Flow Adjustment (as defined below) is 1.00 because either (A) Centre believes in good faith that the Cash Flow Adjustment (after giving effect to all data corrections of which Centre is then actually aware) would be equal to or greater than 0.97 and less than or equal to 1.01 or (B) Centre has elected not to complete the procedures or any component thereof described in Exhibit A and, based on any and all procedures done as of such date, has not developed sufficient reason to believe that the adjustment is less than 0.97; or
- (ii) that Centre is terminating this Letter of Intent pursuant to Section 3(b) of this Letter, or
- (iii) that the Cash Flow Adjustment is not equal to 1.00, which notice with respect to this clause (iii) shall be accompanied by (A) all data inaccuracies or problems discovered (whether favorable or unfavorable to Centre), if any, resulting from data issues uncovered

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by the Exhibit A procedures and Centre's proposed data correction(s), and (B) all supporting workpapers evidencing such data inaccuracies or problems and Centre's proposed corrections in a format reasonably sufficient for Equitable to reasonably understand and respond. No data corrections not included in a notice referred to in this clause (a)(iii) or derived directly therefrom shall be raised by Centre after the Delivery Date. Centre may give more than one notice pursuant to this clause (a)(iii).

(b) Within five business days following receipt of a notice and accompanying workpapers described in the foregoing clause (a)(iii), Equitable will notify Centre (the "Equitable Response") of its agreement, counterproposal or disagreement with such proposed corrections. The parties in good faith will work to resolve any disagreements throughout the Data Verification process (including, but not limited to, such five business day period). During no more than the four business days after the Equitable Response, the parties will continue to work to resolve any disagreements, failing which they shall disclose to each other their final and last best Proposal (hereinafter defined) no later than the end of such four business day period. For purposes hereof, a "Proposal" of a party shall comprise the data corrections and the related actuarial techniques (as are necessary or appropriate) proposed by such party, and the information supporting the data corrections. If no resolution of disagreements is reached on or prior to the business day next following such four business days, the parties will on such next following business day, submit their final and last best Proposal (previously disclosed to the other party as provided above) to "baseball arbitration" by an independent firm of accountants and actuaries, the identity of which shall be mutually agreed, and the parties will abide by the result of such arbitration, which arbitration process shall require the arbitrator to select one of the two final and last best Proposals.

(c) Unless the parties agree otherwise, all corrected data combined with such actuarial techniques as are necessary or appropriate (as such data or techniques may be mutually agreed or established pursuant to the baseball arbitration) will be converted to cash flow projections utilizing the TAS system and actuarial assumptions consistent with the

CENTRE

Stanley B. Tulin
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projections in Exhibit B. Neither party will submit any Proposal to the arbitrators to the extent such Proposal was not previously provided to the other party as described above in paragraph (b).

"Material Adverse Change" for the purpose of this Section 1 shall mean the occurrence of any of the following events:

(x) a Cash Flow Adjustment (as defined herein) greater than 105%;

(y) a downgrade in Equitable's or Centre's (as the case may be) credit rating issued by Standard & Poor's or any nationally recognized rating agency by more than two levels from such rating assigned to Equitable and Centre, respectively, as of May 8, 2000; and/or

(z) if either (i) termination by UnumProvident of the UP TPA Agreement, or (ii) a material change after the date of this Letter in UnumProvident's performance of its obligations under the UP TPA Agreement, is reasonably expected to materially adversely affect the economic results of the Transaction.

2. Access to Records. Equitable agrees while this Letter of Intent is in effect to continue to afford Centre and its Representatives access at reasonable times and places to such information, books, records and personnel of Equitable (or within its control) as Centre may request; however, Centre will conclude its Data Verification in good faith within the times set forth above, and any such access shall be limited to the purposes of Data Verification or to such preparation as Centre may wish to make for implementation of the Transaction.

3. Termination. This Letter of Intent will terminate (the "Termination Date") on the earliest to occur of:

(a) the date upon which Centre and Equitable agree in writing to terminate this Letter of Intent;

(b) five business days following the date on which Centre provides written notice to Equitable that, as evidenced by all supporting workpapers, the data subject to the Data Verification is so incomplete or inaccurate that no reasonably accurate Cash Flow Adjustment can be calculated, provided that Equitable has not cured the problem during such five business day period.

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Stanley B. Tulin
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(c) (i) the date that Centre provides written notice to Equitable of the occurrence of a Material Adverse Change under clauses (x), (y) (with respect to a downgrade of Equitable) or (z) of the definition thereof; or (ii) the date that Equitable provides written notice to Centre of the occurrence of a Material Adverse Change under clause (y) of the definition thereof (with respect to a downgrade of Centre);

(d) the date upon which either party notifies the other (based upon circumstances known or reasonably believed by the party providing notice) that it is highly likely that the Regulatory Approvals may not or cannot, without an unreasonable expenditure of time, money and other resources, be secured;

(e) July 1, 2000, or such other later date as may be mutually agreed by Centre and Equitable, if the Definitive Agreements have not theretofore been executed and delivered by Centre, Equitable and the other parties thereto;

(f) Centre has not obtained Board authorization in writing by May 24, 2000; and

(g) Centre has not provided the Credit Support satisfactory to Equitable as described in Section 1 above and Equitable has delivered in writing a notice to Centre, on the second full business date immediately following delivery of a description of such Credit Support, that it is terminating this Letter of Intent pursuant to this clause (g).

Upon any such termination, the agreements contained in this Letter of Intent shall be void and of no further force or effect, except for the provisions of Sections 5, 6, and 8 of this Letter of Intent, which shall remain in full force and effect and shall survive termination of this Letter of Intent.

4. Exclusivity. In consideration of Centre's effort and expense in evaluating the Transaction, Equitable agrees that for a period from the date that Equitable executes and delivers this Letter of Intent to July 1, 2000 (the "Restricted Period"), Equitable will not, and will not permit any of its officers, directors, employees, Representatives or agents or any of its affiliates to, directly or indirectly, solicit, initiate or encourage the submission of any Proposal (as defined below), enter into any agreement with respect to any Proposal, or initiate or participate in any discussions or negotiations regarding, or furnish to any person or entity any information or assistance with respect to, or take any action to facilitate any inquiries or the making of any proposals that constitute, or may reasonably be

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expected to lead to, a Proposal. For purposes hereof "Proposal" means any reinsurance or insurance proposal, offer or arrangement (other than a proposal or offer made by Centre, or any arrangement pursuant to which Centre would be the provider of at least 50% of such reinsurance or insurance) involving Equitable or any of Equitable's affiliates as respects a transaction involving Equitable's IDI business similar to the Transaction. During the Restricted Period, Equitable and its principals, advisors, agents and Representatives will keep Centre informed on an ongoing basis with respect to any Proposals received by them.

5. Transaction Expenses. (a) In the event that Equitable does not complete the Transaction, Equitable will reimburse Centre for its Transaction Expenses as defined below, not to exceed \$3.5 million. However, no such reimbursement is required in circumstances in which (i) Centre or DMS has been unreasonable in negotiating the Definitive Agreements, (ii) Centre has suffered a Material Adverse Change under clause (v) of Section 1, (iii) this Letter of Intent terminates pursuant to clause (f) or (g) of Section 3 hereof; or (iv) Centre or any other party to the Credit Support (other than Equitable or its affiliates) fail to get the necessary regulatory approval to effect the Credit Support (after notice and a reasonable opportunity to cure).

(b) For the purpose of clause (a) immediately preceding, "Transaction Expenses" shall mean all actual third party (DMS being considered a "third party" with respect to costs and expenses that are billed to Centre by DMS when DMS has been retained by Centre in lieu of a third party) costs and expenses reasonably incurred by Centre (including without limitation in connection with reasonable acquisitions of space and dedicated employees) or DMS (including without limitation in connection with reasonable acquisition of space and employees), or any other member of the Centre Group of Companies, between the signing of this Letter of Intent by Equitable and the Termination Date, in connection with its evaluation, negotiation, documenting and consummating or reasonably preparing to consummate the Transaction including without limitation attorneys' fees and other legal costs; due diligence expenses; fees and costs of third parties involved in the Transaction; and accountants' and consultants' fees and expenses. For the purposes of this section, "incurred" expenses shall include a reasonable provision for the orderly disposition or unwinding or reversal of actions taken by or on behalf of Centre and/or DMS in reasonable preparation for consummating this Transaction or performing obligations thereunder, even if such disposition, reversal or unwinding takes place after the Termination Date. Centre shall provide Equitable with prior notice, if practicable, of the expected expense for the acquisition or leasing of space or facilities, but failure to provide

CENTRE

Stanley B. Tulin
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Page 9

such notice shall not affect whether or not such expense is a Transaction Expense hereunder.

6. Indemnification. (a) Subject to the conditions described below, (I) Equitable hereby agrees to indemnify and hold harmless Centre and its affiliates and DMS (as a third party beneficiary) and its affiliates, and their and its officers, directors, employees, stockholders, agents, advisers or other representatives, including, without limitation, attorneys, accountants, actuaries and other professionals in each case in their capacity as such ("Representatives") (collectively "Centre Persons"), and (II) Centre hereby agrees to indemnify and hold harmless Equitable and its affiliates, and their and its Representatives (collectively "Equitable Persons"), from, with respect to both (I) and (II), any and all monetary damages, liability or loss (other than consequential damages or loss), cost, expenses, suit, claims, fines, fees, penalties, including punitive or exemplary damages, interest obligations, deficiencies, (including without limitation, reasonable expenses of investigation and defense fees and disbursements of counsel and other professionals, such costs to be paid on an as incurred basis) (collectively, with respect to Centre Persons, "Centre Damages" and collectively with respect to Equitable Persons, "Equitable Damages", and Centre Damages and Equitable Damages, in the aggregate herein referred to as "Damages") resulting from, arising out of, or relating to any action or omission of or on behalf of a Centre Person (or actions or omissions of or on behalf of an Equitable Person to the extent such actions or omission were done or omitted by such Equitable Person at the specific written direction of Centre), that results or is alleged to result in a breach or alleged breach of any provision of the UP TPA Agreement or related or successor agreement involving Equitable (or any affiliate thereof) and UnumProvident (or any affiliate thereof), including without limitation, any Damages asserted or proved in any suit, proceeding or legal action commenced by any third party against any Centre Person or Equitable Person. The duties, obligations and liabilities of Equitable and Centre under this Section shall survive the termination or expiration of this Letter of Intent.

(b) The indemnification described above is subject to the following terms and conditions.

(i) The indemnification does not apply to Damages resulting from or arising out of actions or omissions of or on behalf of any Centre Person or Equitable Person after the Termination Date of this Letter of Intent unless such actions or omissions arise from or are in connection with the orderly disposition or unwinding of or reversing of actions or omissions taken or occurring by or on

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behalf of Centre Persons or Equitable Persons prior to the Termination Date.

(ii) Equitable shall pay and be responsible for 50 % of all Damages and Centre shall be responsible for the remaining 50% of all Damages (in each case their "Share of Damages"). Equitable and Centre shall each pay their own Damages as incurred provided that Centre and Equitable, as the case may be, shall pay to or receive from (as the case may be) the other, monthly, subject to reasonable documentary evidence of such Damages, the excess, if any, over their respective Share of Damages, such that, after such payment, neither Centre nor Equitable will have paid at any time more than their respective Share of Damages.

(iii) Centre and Equitable shall notify each other promptly of any claim for which indemnification shall be made, but any delay in giving such notice shall excuse Equitable or Centre, as the case may be, only to the extent that it was prejudiced thereby. Equitable will select counsel subject to Centre's approval (which shall not be unreasonably withheld) as respects any judicial, administrative, arbitral, or other proceeding covered hereby; however, (I) Centre shall have the right to participate in such proceedings by its own counsel (any expense thereby being deemed part of Damages), and (II) solely with respect to any defense as to which Centre and Equitable have conflicting interests, Centre's retained counsel expense will be deemed part of Damages and Centre shall have the right to control all aspects of such defense.

(iv) Centre shall not present any defense, or settle, concede or otherwise cease to defend any claim if such act could reasonably be expected to have an adverse effect on Equitable without providing Equitable with the opportunity to review and comment on such defense, settlement or concession. In such event the parties agree to act in good faith to resolve any such conflicting interests, and to mitigate any potential damages arising from such conflicting interests.

(v) Equitable shall not present any defense, or settle, concede or otherwise cease to defend any claim if such act could reasonably be expected to have an adverse effect on Centre without providing Centre with the opportunity to review and comment on such defense, settlement or concession. In such event the parties agree to act in good faith to resolve any such conflicting interests, and to

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mitigate any potential damages arising from such conflicting interests.

(e) In the event that Definitive Agreements are executed between the parties, it is expected that provisions relating to the indemnification of the parties as are customary in transactions similar in size and nature to the Transaction, or otherwise appropriate for the Transaction, or requested by Centre, Equitable or the other parties to the Definitive Agreements (including without limitation the Indemnification provided in this Section 6) shall be set forth in the Definitive Agreements.

7. Significant Terms and Conditions of the Reinsurance Agreement.
Any reinsurance agreement entered into pursuant to this Letter of Intent shall be consistent with the following terms and conditions:

(a) the reinsurance will be 100% coinsurance of the book of IDI Business issued by Equitable prior to June 30, 1994 (referred to in documents given to Centre by Equitable as the "Existing" book plus the "Transition" book), including any coverage required to be issued subsequently pursuant to the terms of such policies (the "Reinsured Policies"). Such coverage shall be limited to Equitable's net liability only, i.e., Centre will be responsible for all Policy Benefits (as such term will be defined in the Definitive Agreements) under the Reinsured Policies except to the extent such benefits are covered by Inuring Reinsurance as described below). For the purposes of this coverage, all third party reinsurance agreements in force as of January 1, 1999 shall be deemed to remain in place and collectible, whether or not such inuring reinsurance is in fact collectible or not ("Inuring Reinsurance");

(b) the reinsurance will reimburse Equitable for its actual expenses relating to the policies, such as, but not limited to, agent commissions and service fees, taxes and expenses (including those incurred by DMS) incurred with respect to the administration of the Reinsured Policies and the administration of claims including the costs of defending any claim (including, reasonable outside attorneys' fees, costs of expert investigation, and other related defense costs - "Defense Costs"), except to the extent such administrative and Defense Costs are the direct obligation of Centre or DMS under the administration agreements (collectively, the "Policy Related Expenses"), plus the transition expenses included in the Initial Reinsurance Premium;

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(c) (i) (x) no coverage of policy benefits shall be provided for (I) any claim in litigation on December 31, 1998 for which no reserve was held on December 31, 1998 and (II) any claim in litigation before December 31, 1998 for which no reserve was held on December 31, 1998 if such claim involves an open dispute as of December 31, 1998, related to the claim in such prior litigation and (y) a provision shall be made by mutual agreement amongst the parties as respects coverage of claims for which no reserve was held on December 31, 1998 and for which litigation has been commenced between December 31, 1998 through to Closing Date; (ii) Equitable will be responsible for extra-contractual losses as a result of acts or omissions prior to the effective date of reinsurance, and reinsurer will be responsible for extra-contractual losses as a result of acts or omissions after the effective date of the reinsurance except to the extent such loss results from an affirmative exercise by Equitable of its ultimate responsibility under the administration agreement for claim determinations or policy administration, and except as provided in the next following sentence. Except to the extent that Equitable has followed the advice of Centre and/or DMS with respect to claim decisions as contemplated by the transition services agreement described in Section 1(a)(ii)(y), Equitable will be responsible to the extent of its acts and omissions, and those of UnumProvident pursuant to the UP TPA Agreement, during the transition period provided under the UP TPA Agreement. Extra-contractual losses include those arising from or related to any alleged or actual act, error or omission, negligent or reckless conduct, bad faith, unfair dealing and/or misconduct in connection with the issuance, delivery, cancellation, administration, or defense (including, without limitation, handling of claims) of any of the Reinsured Policies in excess of policy limits and any Defense Costs associated with any of the forgoing;

(d) the "Initial Reinsurance Premium" shall be due and payable upon the execution of the Definitive Agreements as therein provided, calculated as the sum of the following:

- (i) the Base Reinsurance Premium, plus
- (ii) the Post March Cash Flow, plus
- (iii) the Post March Investment Income, plus
- (iv) certain transition expenses not exceeding \$[11] million.

(e) For the purpose of clause (d) immediately preceding, the following terms shall have the meanings ascribed below:

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(i) "Base Reinsurance Premium" shall be an amount equal to US\$1.365 billion plus the roll-forward from December 31, 1998 to March 31, 2000 (to be mutually agreed) times the Yield Adjustment times the Cash Flow Adjustment;

(ii) "Yield Adjustment" shall be equal to 1.00 plus 10 times the difference of (x) 6.76% minus (y) the yield on the 5 year U.S. Treasury strip as published in the Wall Street Journal on the Closing Date (the "Benchmark Security"). Notwithstanding the foregoing, the Yield Adjustment shall be 1.00 if the calculation in the preceding sentence results in a value between 0.99 and 1.01.

(iii) "Cash Flow Adjustment" shall be equal to the ratio of (x) the sum of the net cash flows, discounted at 7.0% to 3/31/00, resulting from the Data Verification divided by (y) the sum of the net cash flows, discounted at 7.0% to 3/31/00, presented to Centre by Equitable as set forth in Exhibit B (the "Equitable Cash Flows"). Notwithstanding the foregoing, the Cash Flow Adjustment shall be 1.00 if the calculation in the preceding sentence results in a value between 0.95 and 1.01, and under circumstances described in the definition of Data Verification in Section 1.

(iv) "Post March Cash Flow", if any, shall be equal to the sum of the (x) Net Premiums (as defined in the Reinsurance Agreement) received less (y) the benefit payments paid less (z) the Policy Related Expenses either received or paid, as the case may be, by Equitable on or after April 1, 2000 and prior to the Closing Date of the Transaction. Provision will be made for expenses that are currently due and payable or receivable but have not yet been paid or received as of the Closing Date.

(v) "Post March Investment Income" shall be equal to "R" times sum of Base Reinsurance Premium plus the (1/2) times the Post March Cash Flow, where R is equal to 7.0% times the ratio of (x) the number of days between March 31, 2000 and the Closing Date, both days inclusive divided by (y) 365.

(f) To the extent that any element of the Initial Reinsurance Premium is determined based on an estimated value, the parties agree that no later than thirty (30) days subsequent to the Closing Date, such elements will be replaced by their actual values in the

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calculation of Reinsurance Premium and an appropriate cash payment to or from Centre will be made. The Definitive Agreements shall provide a mechanism for resolution of any dispute relative to the adjustment of such valuations.

(g) Subsequent to the Closing Date, on a monthly basis, additional Reinsurance Premium shall be due and payable under the reinsurance agreement.

8. Miscellaneous.

(a) Governing Law; Waiver of Jury Trial; Consent to Jurisdiction.

This Letter of Intent shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to conflict of laws principles applied in New York. EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT, INVESTIGATION, LITIGATION, ARBITRATION OR OTHER PROCEEDING ("ACTION"), TO ENFORCE OR DEFEND ANY RIGHT UNDER THIS LETTER OF INTENT AND AGREES THAT ANY ACTION WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. Any Action with respect to this Letter of Intent may be brought only in the courts of the State of New York or of the United States of America for the Southern District of New York, and each of the parties hereby accepts the jurisdiction of these courts. Each of the parties hereby irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any Action in those jurisdictions.

(b) Amendments. This Letter of Intent shall not be amended except by a written instrument executed by both of the parties hereto.

(c) Confidentiality. The Confidentiality Agreement previously signed between Centre and Equitable shall remain in full force and effect (including but not limited to the existence of this Letter of Intent and its terms and conditions) notwithstanding the execution and delivery of the Letter of Intent, except as provided in clause (e) to the extent disclosure is necessary or desirable to effect the retrocession contemplated thereby.

(d) Entirety. This Letter of Intent contains and constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations, agreements and understandings, whether written or oral, of the parties hereto. This Letter of Intent may

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be signed in two or more counterparts, each of which shall be deemed an original.

(e) Reinsurance. Equitable hereby acknowledges and agrees that Centre may seek to arrange for retrocession of the risks contemplated in the Transaction, provided that no such retrocession shall adversely affect Equitable's statutory accounting credit for reinsurance ceded under this Transaction. Centre shall be free, during the term of this Letter of Intent (and thereafter if the parties have executed Definitive Agreements) to investigate the availability of retrocessional coverage, have discussions with interested parties regarding same, and negotiate the placement of such retrocessional coverage, as Centre, in its discretion, may deem appropriate. In the course of such investigations and discussions, Centre may disclose confidential information provided that Centre informs such persons that Centre is the subject of a Confidentiality Agreement and obtains the written agreement of such persons that they will be subject to obligations of confidentiality in the Confidentiality Agreement between Centre Life and Equitable for the benefit of Centre and Equitable and agree to be bound by the terms thereof.

(f) Non-solicit, Non-hire. Equitable agrees that neither Equitable nor any affiliate will solicit, interview, hire or discuss employment prospects with any employee or agent of DMS disclosed to Equitable in writing on or before May 22, 2000, without Centre's prior written consent during the term of this Letter Agreement and for a period of 9 months after the Termination Date. For the avoidance of doubt the foregoing limitation shall not apply to actions taken by or on behalf of UnumProvident, unless Equitable discloses to UnumProvident the identity of such employees or agents of DMS referred to in the preceding sentence without first having received the prior written approval of Centre and DMS regarding such disclosure with respect to any such employee or agent.

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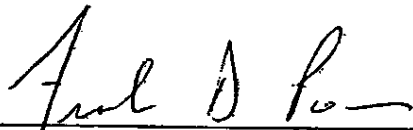
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If the terms of this Letter of Intent are acceptable to you, please sign and return the enclosed counterpart to us.

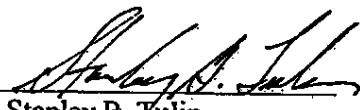
Sincerely,

CENTRE LIFE INSURANCE COMPANY

By: 
Name: Frank D. Pierson
Title: Chief Executive Officer

Accepted and agreed by the undersigned on May __, 2000

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

By: 
Name: Stanley B. Tulin
Title: Vice Chairman of the Board and Chief Financial Officer

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Exhibit A

Integrity of Claim File:

- Do a few quick tests to determine if there are any data inconsistencies within Claim File (Example: given birth date, date of disability and benefit period (BP), check that no paid-to date exceeds maximum BP)
- Check control totals from the Claim File to any report or annual statement information (# claims, total reserves, etc.) to make sure the Claim File is all inclusive regarding claimants
- Check for consistency of data between the Claim File and Policy File (electronic analysis, make sure policy has same benefit period on both claim file and policy file write programs)
- Possibly Check for consistency between the Claim File and paper claim records (pull files) Initial number of files to be 50 or less, but could ask for more if problems are found

Integrity of Policy File:

- Check any problem areas found in the Claim File verification, if any problems found in the checking of the Integrity of the Claim File
- Check 200 (or so) random Underwriting Files, check for accuracy of coding

Integrity of Active Life Model

- Check amount of business assigned to cells (using the Policy File) to ensure appropriateness of cell composition

Exhibit B

Present Value of Cash Outflows

Scenario 1 - Baseline

RESTATED

Period	Active Lives Cash Flows			Disabled Lives Cash Flows			Total
	Baseline	Assumptions	Baseline	Baseline	Assumptions	Baseline	
1999	107,387,701	9,428,188	4,074,288	9,992,211	(96,908,824)	109,807,582	30,037,050
2000	96,791,345	20,463,930	2,040,166	10,711,688	(84,655,651)	8,219,479	37,248,227
2001	92,008,942	29,934,440	2,514,892	11,226,027	(48,332,794)	5,905,538	48,427,179
2002	85,706,855	38,292,145	2,237,988	11,888,903	(33,507,808)	5,688,930	59,205,224
2003	80,043,387	48,340,833	1,773,800	12,088,231	(19,850,803)	5,420,140	68,978,310
2004	71,864,897	53,156,019	1,424,002	12,227,780	(4,857,096)	5,216,103	80,590,385
2005	65,428,788	57,780,255	1,287,879	12,166,264	5,817,830	5,025,346	88,155,990
2006	59,428,153	62,305,619	1,175,810	12,120,747	18,174,023	4,864,861	95,882,005
2007	54,831,233	65,534,111	1,053,080	12,126,013	23,911,971	4,699,932	100,754,996
2008	49,859,760	69,537,077	984,186	12,139,297	32,800,760	4,500,284	108,538,200
2009	45,883,704	73,453,601	899,819	11,988,293	40,767,999	4,334,151	111,781,403
2010	40,056,148	77,205,449	780,804	11,700,888	49,840,783	4,180,373	119,134,588
2011	35,906,858	78,850,015	708,549	11,375,170	54,827,378	4,028,968	120,840,923
2012	32,774,171	80,680,982	647,124	11,144,841	58,688,946	3,864,688	122,854,782
2013	29,787,968	82,980,649	588,382	10,912,749	64,883,711	3,699,268	124,803,228
2014	22,789,056	86,426,771	446,307	10,638,237	68,145,249	3,494,892	129,907,712
2015	18,291,498	74,333,621	360,781	9,968,498	65,499,282	3,324,384	119,938,042
2016	15,302,615	70,923,887	301,805	8,439,985	64,383,023	3,134,869	116,128,654
2017	13,291,328	67,264,880	282,122	7,911,641	62,147,015	2,951,252	110,502,139
2018	10,809,396	63,950,355	209,141	7,371,795	60,821,895	2,777,306	108,428,984
2019	8,872,434	60,383,339	174,834	6,781,890	58,447,839	2,597,470	101,086,188
2020	7,311,410	56,408,272	144,134	6,339,148	57,878,142	2,414,310	97,135,878
2021	6,442,228	59,038,040	127,022	5,928,380	56,846,198	2,228,702	92,161,814
2022	5,909,811	64,111,380	114,548	5,570,157	53,986,454	2,054,411	87,047,191
2023	5,174,241	62,570,488	102,018	5,242,889	52,741,144	1,878,733	83,823,469
2024	2,674,571	48,166,871	58,687	3,923,398	49,928,715	1,707,829	77,910,834
2025	1,857,733	41,900,235	39,525	3,665,08	44,002,465	1,531,828	69,086,924
2026	1,221,771	37,877,377	24,086	3,466,508	40,186,200	1,372,260	62,850,155
2027	915,571	34,333,741	18,049	3,115,400	36,551,819	1,229,025	58,988,719
2028	302,907	30,546,008	5,973	2,728,547	33,080,822	5,099,793	120,847,769
2029 *	4,063	152,248,581	80	2,358,151	154,600,749	0	154,600,749
PV at 12/98 at 8.0%	862,890,216	616,225,139	17,005,819	121,387,512	91,841,254	54,449,816	984,416,177
PV at 12/98 at 7.5%	679,235,283	651,538,325	17,358,571	129,280,175	115,921,788	58,378,994	1,040,029,195
PV at 12/98 at 7.0%	698,804,879	689,842,069	17,728,028	131,463,110	142,428,326	59,439,823	1,100,383,850
Less 12/98 Statutory Reserve Ceded on Excess Coverage and Transition Reinsurance							45,358,564
12/98 Present Value of DI Block at 7.5% Net of Reinsurance							994,970,641

Notes:
 (a) Includes terminal reserve of 125,518,048 in year 2029
 (b) Includes terminal reserve of 85,851,175 in year 2028
 Disability Premium Waiver Benefits, and claims incurred but Not Reported (IBNR) as of 12/31/1998, Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998.

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100% Quota Share Reinsurance Agreement
("Agreement")

by and between

The Equitable Life Assurance Society
of the United States
("Company")

and

Centre Life Insurance Company
("Reinsurer")

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Schedules:

Schedule A	Initial Reinsurance Premium
Schedule B	Non-Excluded States
Schedule C	Reinsured Policies
Schedule D	Net Cash Flows
Schedule E	Reports of Accounting and Settlement

WITNESSETH:

This 100% Quota Share Reinsurance Agreement is made as of the Inception Date (as defined herein) by and between the Company and the Reinsurer.

WHEREAS, the Company has agreed to cede, and the Reinsurer has agreed to reinsure, on a 100% quota share basis, certain portions of the Company's individual disability income insurance book of business, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Reinsurer agree as follows:

ARTICLE I
DEFINITIONS

"Agreement" shall mean this Reinsurance Agreement.

"Administrative Services Agreement" shall mean the policy and claims administration agreement, dated as of the date hereof or as subsequently amended or replaced, among the Company, the Reinsurer and the Third Party Administrator.

"Ancillary Agreements" means the Credit Support Agreement, the Administrative Services Agreement, the Reserve Trust Agreement and the Security Trust Agreement.

"Claims Administration Practices" shall have the meaning specified in the Administrative Services Agreement.

"Claims Revolving Account" shall have the meaning specified in Article XIV.

"Closing Date" means the date of execution and delivery of this Agreement and the Ancillary Agreements by the Company and the Reinsurer.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commutation Amount" shall have the meaning specified in Article VIII.

"Company" shall mean The Equitable Life Assurance Society of the United States.

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"Confidentiality Agreement" shall mean the Confidentiality Agreement, dated September 9, 1999, between the Company and the Reinsurer.

"Controlled" shall have the meaning specified in the Administrative Services Agreement.

"Credit Support Agreement" shall mean the credit support agreement between the Company and Reinsurer, dated as of the date hereof.

"Defense Costs" shall mean the costs of defending or prosecuting any claim for Policy Benefits or defending or prosecuting any claim for Extra Contractual Losses as the case may be under, or otherwise arising out of, the Reinsured Policies (including reasonable outside attorneys' fees, costs of expert investigation, and other related defense costs).

"Delinquency Proceeding" shall mean a proceeding initiated by the insurance regulatory authority of the state of domicile of the Reinsurer to place the Reinsurer in conservation, liquidation, rehabilitation or administrative supervision or otherwise to take control of Reinsurer on the basis of solvency concerns. For the purpose of this definition, the term "solvency" shall encompass the inability to pay obligations as they become due.

"DMS" shall have the meaning specified in Article X.

"Due Diligence Date" shall mean May 18, 2000.

"Existing Book" shall mean the Reinsured Policies other than the Transition Book.

"Extra Contractual Losses" shall mean losses arising from or related to any alleged or actual act, error or omission, negligent or reckless conduct, bad faith, unfair dealing and/or misconduct in connection with the issuance, delivery, cancellation, administration, or defense (including, without limitation, handling of claims) of any of the Reinsured Policies in excess of Policy Benefits.

"Inception Date" shall mean July 1, 2000.

"Insolvency" and "Insolvent" shall have the meanings specified in Article XX.

"Insolvency Fund" shall have the meaning specified in Article XXVIII.

"Inuring Reinsurance" shall have the meaning specified in Article XXXIII.

"LIBOR" shall have the meaning specified in the Credit Support Agreement.

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"Monthly Report" shall have the meaning specified in Article XIV, Section 4.

"Net Premiums" shall mean premiums collected in respect of the Reinsured Policies (excluding waived premiums) less any return premiums paid under the Reinsured Policies and less any premiums paid for Inuring Reinsurance.

"Policies" or "Policy" shall include any insurance, policy, binder, cover note, endorsement, supplementary benefit and/or rider, and any reinstatement or renewals thereof, including without limitation any additional coverage required to be issued pursuant to the provisions of any Policy.

"Policy Benefits" shall mean items (i) and (ii) of Ultimate Net Loss.

"Program of Internal Replacement" shall have the meaning specified in Article XXXII.

"Reinsured Policies" shall mean those Policies, in the form of and exclusively comprised by the Policy forms and riders included in the series listed on Schedule C hereto, issued by the Company which provide individual disability income insurance and which were issued by or on behalf of the Company on applications received prior to December 31, 1994 (referred to between the Company and Reinsurer, as the "Existing Book" and the "Transition Book").

"Reinsurer" shall mean Centre Life Insurance Company.

"Reserve Amount" shall have the meaning specified in the Reserve Trust Agreement.

"Reserve Trust" shall mean the trust established pursuant to the Reserve Trust Agreement of even date herewith among the Company, the Reinsurer and The Bank of New York, as Trustee, as contemplated by the Credit Support Agreement.

"Security Trust" shall mean the trust established pursuant to the Security Trust Agreement of even date herewith among the Company, the Reinsurer and The Bank of New York, as Trustee, as contemplated by the Credit Support Agreement.

"Third Party Administrator" shall mean the initial third party administrator or any one or more third party administrators or replacements thereof appointed pursuant to Article X.

"Transition Book" shall mean the Reinsured Policies with Policy numbers beginning with the following numbers: 9375 and 9475.

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"Transition Expenses" shall mean expenses, not to exceed \$9 million in the aggregate, to be incurred by the Company after the Closing Date in connection with any payment due to UP arising out of both (a) the termination of the UP TPA Agreement and (b) the implementation of the Transition Services Agreement.

"Transition Services Agreement" shall mean Schedules A and B of the Administrative Services Agreement.

"Ultimate Net Loss" has the meaning specified in Article IV.

"Umpire" shall mean an impartial third arbitrator in an arbitration proceeding.

"Underwriting and Administrative Guidelines" shall mean the Company's written underwriting and administrative guidelines as provided to the Reinsurer (by delivery to the Reinsurer's counsel) prior to the Closing Date, and the Company's practices in force at the Inception Date, as may be modified from time to time subject to the consent of the Reinsurer, which consent shall not be unreasonably withheld.

"UP" shall mean UnumProvident.

"UP TPA Agreements" shall mean the administration agreements for the Existing Business and the Transition Book, dated January 1, 1999 and June 18, 1993, respectively, between the Company and UP (as successor) as in force on and provided to the Reinsurer prior to the Inception Date.

ARTICLE II

COVERAGE

Subject to the terms, conditions, exclusions and limitations of this Agreement, the Company cedes to the Reinsurer on a 100% quota share basis, and the Reinsurer assumes on a 100% quota share basis and indemnifies the Company for, all Ultimate Net Loss incurred by the Company under the Reinsured Policies and paid on or after the Inception Date. Such coverage shall continue in force until terminated as provided under Article V hereof.

ARTICLE III

REINSURED POLICIES

All reinsurance for which the Reinsurer will be obligated to indemnify the Company under this Agreement shall be subject to the same terms, conditions, limitations, exclu-

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sions, waivers, modifications, alterations, and cancellations as contained in the Reinsured Policies, subject to the terms, conditions, exclusions and limitations of this Agreement (including, without limitation, the provisions of this Article, and Articles XII and XXI hereof). Reinsurer shall follow the fortunes of the Company for all matters covered by this Agreement, and Reinsurer shall be bound, without limitation, by all payments and settlements entered into in good faith by the Company or the Third Party Administrator, in accordance with the Company's Underwriting and Administrative Guidelines or the Claims Administration Practices or as imposed by any court or regulatory action. No material change, if made on or after the Due Diligence Date, in the terms, conditions, limitations or exclusions in any of the Reinsured Policies shall be covered hereunder without the prior written approval of each such change by the Reinsurer, except any such change that is explicitly provided for by the terms and conditions contained in the Reinsured Policies or required by applicable law or insurance regulation or contemplated by the Underwriting and Administrative Guidelines or the Claims Administration Practices. For the purposes of this provision, the Reinsurer shall be the arbiter of what constitutes a "material" change in any of the Reinsured Policies but shall not act unreasonably. If (a) the Company has effected any prohibited material change, or (b)(i) the Company has affirmatively exercised its ultimate responsibility specified in Section 4(b) of the Administrative Services Agreement, and (ii) the Third Party Administrator has effected any prohibited material change at the direction or upon the omission of the Company, to any of the Reinsured Policies without first securing the Reinsurer's approval, the reinsurance provided under this Agreement, and the Reinsurer's liability with respect thereto, will cover Ultimate Net Loss arising from such Reinsured Policies as if the non-approved change had not been made.

If the Company's liability under any of the Reinsured Policies is increased or decreased because of a misstatement of age or sex or any misstatement of or omission of other material fact, the Reinsurer's liability will accordingly be increased or decreased. If the coverage under any Reinsured Policy has been reduced, terminated, or lapsed subsequent to the Inception Date and is later reinstated while the Reinsurer's liability under this Agreement remains in force, the reinsurance for such Reinsured Policy shall be reinstated automatically to the reinstated amount. Notwithstanding the foregoing, in effecting the reinstatement of any Reinsured Policy, the Company hereby covenants and agrees that it shall comply strictly with the Underwriting and Administrative Guidelines in determining any such insured's eligibility for reinstatement. If (a) the Company has effected any change, or (b)(i) the Company has affirmatively exercised its ultimate responsibility specified in Section 4(b) of the Administrative Services Agreement, and (ii) the Third Party Administrator has effected any change at the direction or upon the omission of the Company, to any of the Underwriting and Administrative Guidelines without first securing the Reinsurer's approval, the reinsurance provided under this Agreement, and the Reinsurer's liability with respect thereto, will cover Ultimate Net Loss arising from such Reinsured Policies as if the non-approved change had not been made.

ARTICLE IV
ULTIMATE NET LOSS

"Ultimate Net Loss" shall mean:

- (i) the actual benefit payments (excluding waiver of premium benefits) and/or claim settlements paid by the Company under the Reinsured Policies, on its net retained liability (i.e., after deduction for reinsurance other than the reinsurance ceded under this Agreement, whether collectible or not as provided in Article XXXIII), plus
- (ii) policyholder dividends paid or payable by the Company in accordance with Article VII, Policyholder Dividends, of this Agreement, plus
- (iii) Transition Expenses, plus
- (iv) actual expenses incurred by the Company relating to the Reinsured Policies, such as, but not limited to, agent commissions and service fees, premium taxes and expenses (including, without limitation, those payable to the Third Party Administrator) directly arising out of the administration of the Reinsured Policies and the administration and adjudication of claims thereunder, including Defense Costs, except to the extent such administrative and Defense Costs have been paid by Reinsurer or the Third Party Administrator or are the direct obligation of Reinsurer or the Third Party Administrator under the administration agreements and excluding general corporate overhead of the Company, provided however, that with respect to the Transition Business, this element of Ultimate Net Loss shall include only 20% of actual expenses as enumerated above incurred by the Company relating to the Reinsured Policies directly arising out of the administration of the Reinsured Policies and the administration and adjudication of claims thereunder, plus
- (v) Extra Contractual Losses and associated Defense Costs (except to the extent such Defense Costs have been paid by Reinsurer or the Third Party Administrator or are the direct obligation of Reinsurer or the Third Party Administrator under the administration agreements and excluding general corporate overhead of the Company) as a result of acts or omissions of the Reinsurer or any Third Party Administrator .

"Ultimate Net Loss" does not include (a) elements (i), (ii), (v), and agent commissions incurred in (iv) above as respects (I) any claim in litigation on December 31, 1998 for

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which no reserve was held on December 31, 1998, (II) any claim in litigation before December 31, 1998 for which no reserve was held on December 31, 1998 if such claim involves an open dispute as of December 31, 1998 related to the claim in such prior litigation or (III) any claim for which no reserve was held on December 31, 1998 with respect to which litigation has been commenced between December 31, 1998 and the Inception Date, or (b) Extra Contractual Losses and associated Defense Costs as a result of acts or omissions (X) by the Company and/or UP prior to the Closing Date, or (Y) after the Closing Date to the extent such loss results from an affirmative exercise by the Company of its ultimate responsibility as specified in Section 4(b) of the Administrative Services Agreement (including acts or omissions of the Third Party Administrator) or to the extent such loss results from the acts or omissions of UP under the UP TPA Agreements, except, in either case in this clause (Y) to the extent that the Company has followed the specific written advice of Reinsurer and/or the Third Party Administrator (or any substitute Third Party Administrator) with respect to claim decisions as contemplated by the Transition Services Agreement. In any situation where (i) the Reinsurer would be responsible for Policy Benefits and (ii) the Company would be responsible for Extra Contractual Losses, and (iii) absent either (x) a judicial or underlying arbitral determination effecting a precise allocation between the amount of Policy Benefits and Extra Contractual Losses, or (y) an allocation of such amounts agreed to by the parties, then the apportionment of the total amount to be paid for Policy Benefits, Extra Contractual Losses and Defense Costs shall be subject to arbitration in accordance with Article XXIII hereof. In any situation where (i) the Reinsurer would be responsible for Policy Benefits and (ii) the Company would be responsible for Extra Contractual Losses, and (iii) apportionment of Policy Benefits and Extra Contractual Loss, but not Defense Costs, has been reached either (x) by agreement between the Reinsurer and the Company or (y) by judicial or underlying arbitral determination, then the apportionment of the Defense Costs shall be allocated either by agreement between the Reinsurer and the Company or through arbitration in accordance with Article XXIII hereof. After the Closing Date where allegations have been made involving acts, errors or omissions both of Company and/or UP under the UP TPA Agreement and of the Third Party Administrator under the Administrative Services Agreement when the acts, errors or omissions of the Third Party Administrator were not Controlled by the Company, then there shall be no presumption as to the apportionment of liability with respect to any such act, error or omission. The Reinsurer shall have no obligation to pay Transition Expenses unless and until the Reinsurer has received premiums in respect of such Transition Expenses from the Company.

ARTICLE V TERMINATION

The Reinsurer's liability with respect to the Reinsured Policies will terminate on the earlier of:

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- 1) the date the Company's liability with respect to any and all obligations under or arising out of the Reinsured Policies is fully and finally extinguished; or
- 2) the date the Reinsured Policies are recaptured in accordance with Article VIII, Recapture.

ARTICLE VI REINSURANCE PREMIUM

In consideration of the reinsurance coverage provided hereunder, the Company shall pay to the Reinsurer (by deposit into the Reserve Trust, the Security Trust, or Claims Revolving Account, as applicable) premiums equal to the following:

- 1) the Initial Reinsurance Premium calculated as set forth in Schedule A hereto (which shall be due and payable in accordance with Article XIV, Reports and Remittances), plus
- 2) all Net Premiums received by or on behalf of the Company on or after the Inception Date in connection with the Reinsured Policies, which shall be payable to the Reinsurer in accordance with Article XIV, Reports and Remittances.

To the extent that the Initial Reinsurance Premium is determined, in part, based upon an estimated or assumed value for any component as set forth in Schedule A hereto (other than Transition Expenses and Transition Book Adjustment), no later than thirty (30) days (or five (5) days with respect to the Yield Adjustment) after the Closing Date, the Initial Reinsurance Premium shall be recalculated based upon the actual value of such component(s), with an appropriate cash payment to or from Reinsurer. The Transition Expenses component shall be recalculated based on the actual amount of such Transition Expenses, with an appropriate cash payment to or from Reinsurer, on the date such expense is paid. Any dispute shall be resolved in accordance with Article XXIII, Arbitration.

ARTICLE VII POLICYHOLDER DIVIDENDS

Pursuant to the terms and conditions of this Agreement, the Reinsurer shall indemnify the Company for policyholder dividends declared by the Company on the Reinsured Policies in the normal course of business and consistent with applicable law, the Company's

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Underwriting and Administrative Guidelines and the Company's past practices with respect to the Reinsured Policies since 1985; provided, however, that the Reinsurer shall not be required to reimburse the Company for any dividend payments, credits granted, or any other amount or portion thereof paid or distributed solely in connection with any recapitalization of the Company. Under no circumstances shall the Reinsurer be responsible for any extraordinary dividends arising out of the Company's Plan of Reorganization effective July 22, 1992 or any future reorganization of the Company.

ARTICLE VIII RECAPTURE

A. In the event of an Adverse Change of Control (as that term is defined in the Credit Support Agreement) in respect of the Reinsurer or its successor (pursuant to any assignment permitted hereunder), or a written notice to the Company of an impending Adverse Change of Control, the Company may within sixty (60) days from the date of learning that an Adverse Change of Control has occurred, or of receiving such notice, as the case may be, elect to recapture the Reinsured Policies by delivering written notice to the Reinsurer within such sixty (60) day period of the Company's desire to effect such recapture (the "Control Recapture Notice"). In such case, upon the date specified by the Control Recapture Notice (the "Control Recapture Date"), but no sooner than the thirtieth day subsequent to the delivery of the Control Recapture Notice, the Company shall be entitled (unless the Adverse Change of Control has been and remains cured) to immediately withdraw from the Reserve Trust and Security Trust the lesser of (a) all funds contained therein or (b) the Commutation Amount.

B. In the event of initiation of a Delinquency Proceeding in respect of the Reinsurer or its successor (pursuant to any assignment permitted hereunder) and for as long as such Delinquency Proceeding has not been cured, the Company may elect to recapture the Reinsured Policies by delivering written notice to the Reinsurer of the Company's desire to effect such recapture (the "Recapture Notice"). In such case, upon the date specified by the Recapture Notice (the "Recapture Date"), the Company shall be entitled (unless the Delinquency Proceeding has been and remains cured) to immediately withdraw from the Reserve Trust and Security Trust the lesser of (a) all funds contained therein or (b) the Commutation Amount (or a reasonable estimate thereof); provided, however, that if the Delinquency Proceeding is cured within twenty (20) business days after the date of the Recapture Notice, the Company agrees that it will reverse the recapture transaction, and restore the parties to the position they would have been in had the Company not exercised its rights hereunder.

C. In the event that funds are withdrawn from the Reserve Trust and/or Security Trust pursuant to paragraph A or B above, to the extent that the funds in the Reserve Trust and Security Trust are less than the Commutation Amount, the Reinsurer shall pay the

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difference to the Company, which amount shall be adjusted for any amounts previously due to be paid to the Company or Reinsurer hereunder and which remain unpaid on the date of recapture. To the extent that the funds in the Reserve Trust and Security Trust exceed the Commutation Amount, the Reinsurer shall be entitled to withdraw the excess, and the Company shall cooperate by providing such notice as may be required to the Trustee in order to effect any such withdrawal, which amount shall be adjusted for any amounts previously due to be paid to the Company or Reinsurer hereunder and which remain unpaid on the date of recapture. Reinsurer shall have no further obligation to deposit any funds into either the Reserve Trust or the Security Trust upon payment of the Commutation Amount.

D. Except as respects obligations described in paragraphs A-C above, upon the election by the Company of recapture as provided herein, all liabilities under this Agreement in respect of the Reinsured Policies shall be commuted, the Company and the Reinsurer shall be fully discharged from their obligations to one another hereunder, and all obligations under or pursuant to the Ancillary Agreements, and all of the Ancillary Agreements as between the Company and the Reinsurer shall terminate (except as to provisions that expressly survive termination); excluding those Extra Contractual Losses included within subsection (v) of Article IV, Ultimate Net Loss, for which Reinsurer shall continue to be obligated to indemnify the Company hereunder, and shall at its option, continue to handle the administration of any such Claims and related litigation.

E. "Commutation Amount" shall be equal to the product of:

(i) an amount equal to the sum of the future net cash flows, discounted at the yield on a duration appropriate risk free rate as such term is commonly accepted on the date of recapture plus 50 basis points to the date of recapture (or the nearest convenient date), such future net cash flows being calculated consistent with the methodology used to generate the net cash flows as set forth in Schedule D of this Agreement, adjusted for the effect of Inuring Reinsurance; and

(ii) the Recapture Factor (as defined below).

What basis??

The Recapture Factor initially shall be equal to the ratio of the Initial Reinsurance Premium divided by the Reserve Amount on the Inception Date, and every July 1 thereafter until July 1, 2004 shall decrease linearly to a level of 1.20. Starting on July 1, 2005, and every July 1 thereafter, the Recapture Factor shall decrease by .01. In no event, however, shall the Recapture Factor be less than 1.05. Any dispute with respect to the determination of the Commutation Amount shall be resolved in accordance with Article XXIII, Arbitration.

F. Any amounts withdrawn by the Company under paragraph (A) or (B) above shall be deposited into a segregated asset account created in the same manner as under

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New York Insurance Regulation 102 in the name of the Company and shall be maintained in such account until the Control Recapture Date or the Recapture Date, as applicable. In the event there shall be any dispute between any of the parties as to the Commutation Amount, the Company shall be entitled to withdraw only the undisputed amount of the Commutation Amount. Any amounts in dispute shall remain in such account until such dispute is resolved.

ARTICLE IX
RESERVES: CREDIT FOR REINSURANCE

The Reinsurer shall establish and maintain adequate reserves with respect to the Reinsured Policies and shall, at its own expense, take such other steps as may be necessary to enable the Company to take, in every jurisdiction in which the Company is licensed, full credit for the reinsurance provided by this Agreement on its statutory balance sheet filed with the insurance departments of all states in which the Company files its annual statement, including, but not limited to, establishing and maintaining reserves and making such reports as are necessary to enable the Company to comply with § 125.5(b) of the New York Insurance Regulations.

In the event that an insurance regulatory authority in any jurisdiction in which the Company is licensed does not allow the Company to take full credit for the reinsurance provided by this Agreement on its statutory balance sheet, then Reinsurer shall immediately take such steps as are necessary to assure that the Company will comply with § 125.5 of the New York Insurance Regulations, including, providing for the transfer of the Assets in the Reserve Trust to be held in a trust that complies with New York Insurance Regulation 114 (11 NYCRR Part 126) (a "Regulation 114 Trust") or similar regulation in force in New York or in another jurisdiction that has denied the Company credit for reinsurance. In the event that any or all of the assets in the Reserve Trust are transferred to a Regulation 114 Trust, this Agreement shall be deemed to have been amended and reformed to incorporate the provisions required by 11 NYCRR §126.5 then in effect as may have been amended at such time and the parties shall execute any further amendments to this Agreement in order to permit the Company statutory credit for reinsurance ceded hereunder.

Except as required by applicable laws and regulations, the Company covenants and agrees that it shall not, nor shall it authorize the Third Party Administrator to, strengthen its statutory reserves for the Reinsured Policies in a manner that would increase the Reinsurer's obligations under this Article, unless the Company has received the prior written approval of the Reinsurer to each and every such change. If in the event that the Company has effected any such change to its statutory reserves without first securing the Reinsurer's approval, the Reinsurer's obligation under this Article IX to establish and maintain reserves with respect to the Reinsured Policies shall be as if the non-approved changes were not made.

ARTICLE X
POLICY AND CLAIMS ADMINISTRATION

As of the Closing Date, the Reinsurer has appointed Disability Management Services, Inc. with its principal business address at 1391 Main Street, Springfield, Massachusetts ("DMS") as the Third Party Administrator as provided in the Administrative Services Agreement, and the Company has consented to such appointment; provided, however, following the Inception Date, the Company may, directly and through UP, administer the Transition Book. Notwithstanding the foregoing, the Company shall take all actions commercially reasonable and permitted by the UP TPA Agreement to transfer the administration of the Transition Book to the Third Party Administrator, including without limitation enforcement of the Company's rights thereunder. Any action that would cause termination of Inuring Reinsurance shall not be deemed to be commercially reasonable.

Subject to Article XXI, the Third Party Administrator shall administer the Reinsured Policies, perform all accounting procedures and settle all claims arising under the Reinsured Policies. If DMS or any other Third Party Administrator ceases to act as such, the Reinsurer shall select and appoint a replacement Third Party Administrator to perform such duties, subject to approval by the Company, which approval shall not be unreasonably withheld. The Reinsurer agrees to indemnify and hold the Company harmless against any reasonable and actual costs or expenses incurred by the Company resulting from or arising out of Reinsurer's selection and appointment (including any delay in effecting such appointment, except any delay caused by the Company) of a replacement Third Party Administrator appointed by the Reinsurer.

So long as the Company has delegated Policy and Claims Administration to Reinsurer or a Third Party Administrator appointed by the Reinsurer, and the Company has delegated to such Third Party Administrator complete responsibility for the duties described in paragraphs 1 and 2 below in accordance with the Administrative Services Agreement (and the Company has taken no action or omitted to take action that materially interferes with the performance of such duties), the Company shall not be responsible for the following duties or the consequences of the actions described herein:

- 1) submission of reports in accordance with the provisions of Article XIV, Reports and Remittances, of this Agreement (other than paragraph 1 thereof, for which Company is responsible); and
- 2) non-payment of Reinsurance Premiums so long as the Company agrees under the terms of its appointment of the Third Party Administrator that the Third Party Administrator shall remit such Reinsurance Premiums directly to the Reinsurer, by depositing same in the Reserve Trust or the

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Security Trust, or as applicable, the Claims Revolving Account as contemplated by Article XIV of this Agreement and the terms and conditions of the Administrative Services Agreement.

Any premiums in respect of the Reinsured Policies misdirected to the Company shall be delivered by the Company promptly to the Third Party Administrator. The Company agrees that the Reinsurer shall pay the Third Party Administrator its fees directly as provided for under the Administrative Services Agreement.

The Company, directly or through the Third Party Administrator, shall maintain its underwriting and administrative procedures and practices consistent with the Company's Underwriting and Administrative Guidelines in place on the Inception Date and its claims handling procedures and practices in accordance with the best practices of professional claims management administrators and personnel with respect to all claims by claimants. Except as required by changes in applicable laws and regulations, the Company agrees that it shall not, nor shall it authorize the Third Party Administrator to, change its underwriting or claims handling procedures and practices in any manner from those in effect at the Inception Date that would materially adversely affect the liability or obligations of the Reinsurer hereunder, unless the Company has received the prior written approval of the Reinsurer to each and every such change. For the purposes of this provision, the Reinsurer shall be the arbiter of what constitutes a "material adverse effect" but shall not act unreasonably. If in the event that the Company has effected any such change (or upon the Company's affirmative exercise of its ultimate responsibility specified in Section 4(b) of the Administrative Services Agreement, any Third Party Administrator at the direction or upon the omission of the Company has effected any such change) to any of the underwriting or claims handling procedures and practices without first securing the Reinsurer's approval, the reinsurance provided under this Agreement, and the Reinsurer's liability with respect thereto, will cover Ultimate Net Loss arising from such Reinsured Policies as if the non-approved changes were not made. In no event shall a breach of this covenant by the Company or the Third Party Administrator give the Reinsurer the right to terminate this Agreement.

ARTICLE XI REPRESENTATIONS AND WARRANTIES

A. The performance of obligations under or related to this Agreement shall be undertaken by both parties in utmost good faith and fair dealing.

B. Further, the Company represents and warrants as follows:

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- (a) all of ~~the~~ Policy forms and riders included in the series listed on Schedule C are in material compliance with all applicable regulations and laws;
- (b) each of the Reinsured Policies was written on a Policy form that complied with regulatory requirements in the state of issue;
- (c) any and all information provided to the Reinsurer in writing prior to the Closing Date regarding the Company's dividend practices and related factual circumstances is accurate and complete in all material respects;
- (d) the Company has provided a listing prior to the Closing Date of all market conduct examinations conducted within the last ten (10) years by any regulatory authority having jurisdiction over the Company, and copies of Reports thereon. No material limitation or restriction has been imposed upon the Company's operations arising out of or related to any policy administration or claims handling practices; provided, however, that the Company is making no representations with respect to matters identified on the aforementioned list or Reports.

The Company agrees to indemnify and hold harmless the Reinsurer for any losses and expenses (including reasonable attorneys fees) resulting from each and every material breach of the representations and warranties set forth above, provided that with respect to the representations set forth in clauses (a)-(d) above, (i) the Reinsurer shall not be entitled to indemnification hereunder unless and until its losses and expenses arising out of a breach of such clauses aggregate in excess of \$1,000,000 and (ii) the Reinsurer shall be entitled only to receive money damages for any breach thereof. The Company shall be obligated to indemnify the Reinsurer hereunder only if the Reinsurer notifies the Company of its claim for indemnification (i) within 18 months after the date hereof with respect to any breach of clause (a) above and (ii) no later than 12 months after the Reinsurer becomes aware, or reasonably should have become aware, of a breach of clause (b), (c) or (d) above.

ARTICLE XII OFFSET

Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favor of or against either the Company or the Reinsurer with respect to this Agreement, the Reserve Trust Agreement, the Security Trust Agreement, the Credit Support Agreement and/or the Administrative Services Agreement, are deemed mutual debts or credits, as the case may be, and shall be set off, and only the net balance shall be allowed or paid. This provision shall not be affected by the insolvency of either

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party to this Agreement. Notwithstanding the foregoing, Reinsurer may not set off with respect to any breach by UP of the UP TPA Agreement amounts in excess of damages actually collected by the Company in litigation or other proceedings (including but not limited to, any settlements of such litigation or other proceedings) against UP. For purposes of this Agreement, any debts or credits between the Third Party Administrator appointed by the Reinsurer and the Reinsurer shall not be taken into account in determining offsetting amounts between the Reinsurer and the Company under this Agreement.

ARTICLE XIII NO ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns and legal representatives. Neither this Agreement, nor any right hereunder, may be assigned by any party (except by the Reinsurer to a member of the Zurich Financial Services Group by way of novation, subject to regulatory approval and the Company's consent, which shall not be unreasonably withheld) without the written consent of the other party hereto.

ARTICLE XIV REPORTS AND REMITTANCES

1. A report shall be provided by the Company to the Reinsurer on the Closing Date providing the information necessary to calculate the estimated Initial Reinsurance Premium, as determined in accordance with Article VI, Reinsurance Premium. The estimated Initial Reinsurance Premium (an estimate of the sum of (i), (ii), (iii) and (iv) only on Schedule A attached hereto) shall be due and payable on the Closing Date. Item (v) set forth on Schedule A of the Initial Reinsurance Premium shall be due no later than the date when paid up to. Item (vi) set forth on Schedule A of the Initial Reinsurance Premium shall be due when the decision whether or not to transfer the administration of the Transition Book to the Third Party Administrator is made. Such decision will be made no later than January 1, 2001 and, if no such decision is made by such date, then the decision shall be deemed made to not appoint the Third Party Administrator.

2. Subject to Article X, Policy and Claims Administration, on at least a weekly basis, (i) Net Premiums collected by or on behalf of the Company shall be paid to the Reinsurer, and (ii) all Ultimate Net Loss Payments under this Agreement shall be paid either through an interest bearing revolving account (the "Claims Revolving Account") administered by the Third Party Administrator, the interest on which shall be for the benefit of the Reinsurer,

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or directly by the Reinsurer. The amount of the Claims Revolving Account shall be determined from time to time by the Reinsurer (upon the advice of the Third Party Administrator, if one is in place) with the consent of the Company, which consent shall not be unreasonably withheld subject to the terms and limitations of the Reserve Trust Agreement.

3. During an initial period of time before administrative functions have transitioned to the Third Party Administrator and the Company is collecting premiums and/or paying claims directly, premium amounts due from the Company to Reinsurer and Ultimate Net Loss payments due from Reinsurer to the Company, shall be paid weekly on an estimated basis and reconciled monthly as provided in paragraph 4, below.

4. The reconciliation of the amounts in paragraphs 2 and 3 immediately preceding, as well as such amounts as are due between the Reinsurer and the Company under other provisions of this Agreement or the Administrative Services Agreement, shall take place in delivery of the monthly accounting and settlement reports described below. The net amount due shall be payable no later than ten (10) business days after delivery and receipt of the monthly accounting and settlement reports. Any late payment of any amount required to be remitted by the Reinsurer to the Company or by the Company to the Reinsurer shall bear interest from and including the date such payment is due, but excluding the date of payment, at a rate equal to the LIBOR rate (on the date the payment was due) plus 200 basis points.

5. The obligation to provide reports as set forth in this Article except as respects paragraph 1 shall be the obligation of the Reinsurer; provided, however, that such responsibility may be delegated to a Third Party Administrator, and provided further, however, that to the extent the Company has reassumed responsibility for any functions that cause the Company to have the original records of information needed to prepare reports, the Company shall provide that information to Reinsurer, or, if such information predominates in the preparation of the report, the Company shall provide the report with any necessary additional information provided by the Reinsurer.

6. Within five (5) business days following the end of each month, the party responsible therefor shall provide the other party with the accounting and settlement reports required by paragraph 4 of this Article. All such reports shall be in the format shown in Schedule E, unless otherwise mutually agreed by the parties.

7. Each responsible party shall prepare such additional reports as are needed by either party in connection with the Reinsured Policies to enable either party to comply with all federal, state and local laws or regulations and contractual obligations to third party reinsurers, including without limitation all statutory, GAAP and tax reporting requirements including, but not limited to, supporting information, analysis and documentation to enable the Company and Reinsurer to meet Appointed Actuary requirements, in form and substance satisfactory to Reinsurer and the Company. Reports shall be prepared on a timely basis

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in order for either party to comply with any filing deadlines required by law of contractual obligations to third party reinsurers. All such reports shall include such information as may reasonably be required by either party.

8. In preparing all reports required in this Agreement, the Company or the Reinsurer, as applicable, shall use its best efforts to supply the actual data. If the actual data cannot be supplied with the appropriate report, the Company or the Reinsurer, as applicable, shall produce best estimates and make any required payments based on such estimates. Amended reports based on actual data shall be provided by the Company or the Reinsurer, as applicable, no more than ten (10) business days after the actual data becomes available, and any required payments based on such actual data shall be made by the appropriate party so that the parties are placed in the same economic position they would have been if the payments had been based on the actual data in the first instance.

9. Except as otherwise provided by this Agreement, cash settlements shall be effected on the basis of the form of the schedule attached hereto as Schedule E, as the same may be amended from time to time as reasonably required. In the event that there is any inconsistency between Schedule E and this Agreement, the terms of this Agreement shall govern.

ARTICLE XV GOVERNING LAW

This Agreement shall be interpreted and governed by the laws of the State of New York without regard to its rules with respect to conflicts of law.

ARTICLE XVI ACCESS TO RECORDS

The Reinsurer or the Company or its respective duly appointed representatives shall each have access to (including the right to copy) the relevant books, records and papers of the other party, the Third Party Administrator, if any, or its agents at all reasonable times during the continuance of this Agreement or any liability hereunder, for the purpose of obtaining information concerning this Agreement or the subject matter thereof upon reasonable notice during business hours at the requesting party's own cost and expense, unless agreed to in the Administrative Services Agreement or otherwise agreed to in writing by the parties hereto.

The Reinsurer shall cause, to the extent that it is within its authority or power to reasonably direct, the Third Party Administrator to provide to the Company or its duly appointed representatives access to the books, records and papers of any Third Party Adminis-

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trator as respects the Reinsured Policies in accordance with the Administrative Services Agreement.

ARTICLE XVII
NO THIRD PARTY RIGHTS

This Agreement is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Agreement except as expressly provided otherwise in Article XX, Insolvency.

ARTICLE XVIII
AMENDMENTS AND ALTERATIONS

This Agreement may be changed, altered or amended as the parties may agree, provided such change, alteration or amendment is evidenced in writing executed by the Company and the Reinsurer. If the New York State Insurance Department raises an objection to any provision of this Agreement, or any of the Ancillary Agreements which will lead it to refuse to approve the Agreement, the parties shall use their best efforts to agree upon an alternative provision acceptable to such Department, with the intent to maintain the relevant economics of the parties hereto.

ARTICLE XIX
CURRENCY

Whenever the word "dollars" or the "\$" sign appear in this Agreement, they shall be construed to mean United States Dollars, and all transactions under this Agreement shall be in United States Dollars.

ARTICLE XX
INSOLVENCY

In the event of the initiation of any proceedings for insolvency, receivership, rehabilitation, liquidation, conservation, bankruptcy, dissolution, or general assignment for the benefit of creditors (hereinafter "Insolvency", or when referring to an entity which is the subject of an Insolvency, hereinafter "Insolvent") of the Company, all reinsurance made, ceded,

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renewed or otherwise becoming effective under this Agreement shall be payable by the Reinsurer directly to the Company or to its liquidator, receiver, or statutory successor on the basis of the liability of the Company under the contract or contracts reinsured without diminution because of the Insolvency of the Company. It is understood, however, that in the event of the Insolvency of the Company, the liquidator or receiver or statutory successor of the Insolvent Company shall give written notice of the pendency of a claim against the Insolvent Company on the Reinsured Policy within a reasonable time after such claim is filed in the Insolvency and that during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem available to the Company or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Insolvent Company as part of the expense of the Insolvency to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

When two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expenses shall be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the insolvent Company. Should any party hereto be placed in rehabilitation or liquidation or should a rehabilitator, liquidator, receiver, conservator or other person or entity of similar capacity be appointed as respects such party, all amounts due any of the parties hereto whether by reason of premiums, losses or otherwise under this Agreement shall at all times be subject to the right of offset at any time and from time to time, and upon the exercise of same, only the net balance shall be due and payable in accordance with Section 7427 of the Insurance Law of the State of New York.

ARTICLE XXI CLAIM AUTHORITY

Unless otherwise required by regulatory authorities or a court having jurisdiction over the Company pursuant to a final determination of either of them, or unless the Third Party Administrator has materially breached the Administrative Services Agreement and such agreement has been terminated in accordance with its terms and the Reinsurer has not designated a replacement Third Party Administrator and except to the extent that the Company is providing claims management for the Transition Book as provided herein, all claim management in the ordinary course shall be delegated to the Third Party Administrator. Subject to the terms, conditions, exclusions and limitations of this Agreement, all benefit payments or claim settlements made by the Company, directly or through the Third Party Administrator, if any, shall be binding upon the Reinsurer; provided, however, as respects Claims determinations by the Company, or upon the Company's affirmative exercise of its ultimate responsibility in ac-

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accordance with Section 4(b) of the Administrative Services Agreement to control the actions of the Third Party Administrator, that such benefit payments or claim settlements are within the terms, conditions, exclusions and limitations of the Reinsured Policies and within the terms, conditions, exclusions and limitations of this Agreement (in each case, as determined in accordance with the best practices of professional claims management administrators and personnel). The Company shall retain ultimate responsibility as respects claims administration and settlements as specified in Section 4(b) of the Administration Agreement.

In addition, the parties acknowledge and agree that the Company shall continue to be responsible, directly or through UP, to defend, prosecute and settle those litigated matters for which suit has commenced after the Inception Date, that UP is obligated to defend pursuant to the UP TPA Agreement. The Company shall consult and cooperate with the Reinsurer and/or its representatives about such litigation in order to determine whether the Reinsurer intends to assume control thereof. Reinsurer may, at its option, assume control of any of such litigated matters upon written notice to the Company to that effect and by agreeing to indemnify the Company that amount of Extra Contractual Loss, if any, that UP would have been obligated to pay the Company under the UP TPA Agreement (as such agreement was in effect on the Inception Date) had such litigated matter remained under UP's administration under the UP TPA Agreement.

ARTICLE XXII SUBROGATION AND RECOVERIES

The Company shall pay to or credit the Reinsurer, and the Reinsurer shall benefit proportionately in, all recoveries, net of expenses incurred in its efforts to obtain any such recovery, including but not limited to, subrogation effected by or on behalf of the Company and for which the Company has collected and received the benefit in accordance with the Reinsured Policies. Nothing contained in this provision shall be construed to mean (i) that losses under this Agreement are not recoverable until the Ultimate Net Loss has been ascertained, or (ii) to avoid double counting, that the Reinsurer shall benefit additionally hereby to the extent that such recoveries and subrogation have otherwise been excluded from Ultimate Net Loss.

ARTICLE XXIII ARBITRATION

Any dispute or claim arising out of or relating to this Agreement shall be referred to arbitration. Arbitration shall be initiated by the delivery, by mail, facsimile or other

reliable means, of a written demand for arbitration by one party to the other. The arbitration shall be held in New York City or such other place as the parties may mutually agree.

Arbitration shall be conducted before a three-person Arbitration Panel appointed as follows. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall then appoint an impartial umpire ("Umpire") before proceeding. If either party fails to appoint an arbitrator within thirty (30) days after it receives a written request by the other party to do so, the other party may appoint an arbitrator for it. Should the two party-appointed arbitrators fail to choose an Umpire within thirty (30) days of the appointment of the second arbitrator, the Umpire shall be appointed by ARIAS-US or, failing such appointment, by the Supreme Court of the State of New York.

In any dispute concerning the subject matter of Articles XXIV or XXXI, the arbitrators and Umpire shall be present or former executives or officers of a nationally recognized accounting firm. In any dispute concerning the subject matter of Articles VI and VIII, the arbitrators and Umpire shall be present or former executives or partners or officers of a nationally recognized actuarial firm, accounting firm, or from present or former executives or officers (with accounting and/or actuarial expertise) of life, health and/or disability insurance or reinsurance companies not affiliated with the parties. In all other matters, the arbitrators and Umpire shall be present or former executives or officers of life, health and/or disability insurance or reinsurance companies not affiliated with the parties or shall be arbitrators certified by ARIAS-US. The arbitrators and Umpire shall have no financial interest in the outcome of the arbitration.

In any dispute concerning the subject matter of apportionment of Policy Benefits, Extra Contractual Loss and Defense Costs between the Reinsurer and the Company relating to the parties' respective responsibilities for Policy Benefits and Extra Contractual Loss described in Article IV, Ultimate Net Loss, the following procedures for the arbitration shall apply: The parties will work in good faith to resolve any disagreement relating to such apportionment. If no agreement can be had between the parties within four (4) business days after they first discuss the subject of each parties' responsibility for such Defense Costs, the parties will continue to work to resolve the disagreement. Failing to reach any agreement within two (2) business days thereafter, they shall disclose to each other their final and last best proposal ("Proposal" hereinafter defined) no later than the end of such subsequent two business day period. For purposes hereof, a "Proposal" of a party shall consist of apportionment of the amounts being arbitrated and related information supporting their position relative to the appropriate apportionment. If no resolution of disagreements is reached on or prior to the business day following such subsequent two business day period, the parties will on such next following business day submit their final and last best Proposal (previously disclosed to the other party as provided above) to "baseball arbitration" before an arbitration panel selected as provided above, which arbitration process shall require the arbitrators and Umpire to select one of

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the two final and last best Proposals. The arbitrators and Umpire in any dispute regarding the subject matter of apportionment of Policy Benefits, Extra Contractual Loss and Defense Costs between the Reinsurer and the Company relating to the parties' respective responsibilities for Policy Benefits and Extra Contractual Loss described in Article IV, Ultimate Net Loss, shall be present or former litigation attorneys having expertise in the area of litigation of individual disability income insurance policies.

In all other matters, procedures for the arbitration shall be determined by the arbitrators. In case of any doubt, the arbitrators shall apply rules of ARIAS-US, or, if no such rule applies, the arbitration shall proceed under the Federal Arbitration Act or the New York Civil Practice Law and Rules. In any dispute concerning the subject matter of Articles XXIV or XXXI, the arbitrators and Umpire shall consider only those items or amounts in the Reinsurer's calculation and the Company's response as to which the Company and the Reinsurer have disagreed, and all other matters affected by such disputed amounts.

The decision of a majority of the Arbitration Panel shall be final and binding, except to the extent otherwise provided in the Federal Arbitration Act or New York's Civil Practice Law and Rules. The Arbitration Panel shall render its award in writing. Judgment upon the award may be entered in any court having jurisdiction, pursuant to the Federal Arbitration Act or New York's Civil Practice Law and Rules. Unless the Arbitration Panel orders otherwise, each party shall pay: (1) the fees and expenses of its own arbitrator, and (2) an equal share of the fees and expenses of the Umpire and of the other expenses of the arbitration.

In connection with compelling arbitration and/or the enforcement of any award, any court action may be brought in, and the parties hereby consent to the jurisdiction of, the United States District Court for the Southern District of New York or, absent subject matter jurisdiction in such court, the Supreme Court of the State of New York, New York County. The parties each hereby waive, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of such venue of any such proceeding brought in such court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. **THE COMPANY AND THE REINSURER HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

ARTICLE XXIV TAXES

(a) The Company shall be responsible for all premium taxes (for purposes of this Agreement such term includes any excise, franchise or other taxes to the extent meas-

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ured by premiums) imposed on and paid by it with respect to the Reinsured Policies; it being understood that such premium taxes will be reimbursed by the Reinsurer pursuant to the terms of clause (iv) of Article IV, Ultimate Net Loss.

(b) The Reinsurer shall be responsible for premium taxes, if any, imposed upon Reinsurer directly related to the reinsurance premiums ceded to the Reinsurer as respects the Reinsured Policies.

(c) Each of the Company and the Reinsurer shall be responsible for all other taxes (including, without limitation, excise or franchise taxes measured by income, profits or capital gains) imposed directly on it.

ARTICLE XXV ERRORS AND OMISSIONS

If any delay, omission, error or failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding or oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred. The party first discovering such misunderstanding or oversight, or an act resulting from such misunderstanding or oversight, will notify the other party in writing promptly upon discovery thereof, and the parties shall act to correct such misunderstanding or oversight within twenty (20) business days of such other party's receipt of such notice. However, this Article shall not be construed as a waiver by either party of its right to enforce strictly the terms of this Agreement.

ARTICLE XXVI INTEGRATION

This Agreement and attached schedules and the Ancillary Agreements constitute the entire agreement between the parties hereto relating to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, except the Confidentiality Agreement. This Agreement is the result of arm's-length negotiations between the parties hereto and has been prepared jointly by the parties. In applying and interpreting the provisions of this Agreement, there shall be no presumption that this Agreement was prepared by one party or that this Agreement shall be construed in favor of or against any one party.

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ARTICLE XXVII
NO WAIVER

No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first party of its rights hereunder.

ARTICLE XXVIII
INSOLVENCY FUNDS EXCLUSION

This Agreement excludes all liability arising by contract, operation of law, or otherwise from the Company's participation or membership, whether voluntary or involuntary, in any Insolvency Fund ("Insolvency Fund Assessment"), except any such liability which shall arise as respects the Reinsured Policies in the nine (9) States identified in Schedule B. With respect to any assessments payable pursuant to the immediately preceding sentence the Reinsurer shall pay fifty percent (50%) of the amount of such Insolvency Fund Assessment. If amounts paid by the Reinsurer for Insolvency Fund Assessment arising in the states of New York and Florida cumulatively exceed \$1.5 million, the Reinsurer will be entitled to receive 50% of the recoveries received by or allowed the Company from those states, as such recoveries are received or allowed. The Company hereby covenants and agrees, to the extent permitted under applicable law, that it shall pursue all such opportunities to offset or recoup against any such Insolvency Fund assessments for which the Reinsurer would be entitled to share in the recovery. For the purpose of this Agreement "Insolvency Fund" includes any guarantee fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee or other obligation of an insurer or reinsurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

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ARTICLE XXIX
COOPERATION BETWEEN COMPANY AND REINSURER

Each party hereto shall cooperate fully with the other in all reasonable respects in order to accomplish the objectives of this Reinsurance Agreement. The duty of cooperation shall apply, but not be limited, to policy and claims administration, regulatory matters and to litigation matters involving third parties.

ARTICLE XXX
MISCELLANEOUS PROVISIONS

Headings used herein are not a part of this Agreement and shall not affect the terms hereof. The attached Schedules are a part of this Agreement.

This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

All notices and communications hereunder shall be in writing and shall become effective when received. Any written notice shall be by either certified or registered mail, return receipt requested, or overnight delivery service (providing for delivery receipt) or delivered by hand, or in such circumstances as may from time to time be agreed by the parties, by e-mail or facsimile. All notices or communications under this Agreement shall be addressed as follows:

If to the Company:

The Equitable Life Assurance Society of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: Chief Actuary

with a copy to:

The Equitable Life Assurance Society of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: General Counsel

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If to the Reinsurer:

Centre Life Insurance Company
One Chase Manhattan Plaza
New York, New York 10005
Attention: President

with a copy to:

Zurich Centre Group LLC
One Chase Manhattan Plaza
New York, New York 10005
Attention: General Counsel

ARTICLE XXXI
DAC TAX

The Company and the Reinsurer hereby agree to the following pursuant to Section 1.848-2(g)(8) of the Income Tax Regulations (the "Regulation") issued under Section 848 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The term "party" as used in this Article will refer to either the Company or the Reinsurer, as appropriate.
2. The terms used in this Article are defined by reference to Regulation Section 1.848-2 in effect at the date hereof. The term "net consideration" as used in this Article will refer to net consideration as defined in Regulation Section 1.848-2(f) in effect at the date hereof.
3. Each party shall attach a schedule to its federal income tax return that identifies this Agreement as a reinsurance agreement for which the joint election under Regulation Section 1.848-2(g)(8) has been made, and shall file its respective federal income tax returns in a manner consistent with the provisions of Regulation Section 1.848-2 in effect on the date hereof. The party with net positive consideration under this Agreement for each Taxable year shall capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1) of the Code.
4. Each party agrees to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency, and as otherwise may be required by the Internal Revenue Service.

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5. The Reinsurer shall provide the Company by March 1 of each year its reasonable estimated calculation of the net consideration for the preceding calendar year, and shall thereafter, as soon as practicable but no later than July 1, provide its final calculation of the net consideration. The final calculation of the net consideration will be accompanied by a statement signed by an officer of Reinsurer stating that the Reinsurer will report such net consideration in its tax return for the preceding calendar year.

6. The Company may contest such calculation by providing an alternative calculation to the Reinsurer in writing no later than thirty (30) days subsequent to receipt of the Reinsurer's final calculation. If the Company does not so notify the Reinsurer within such thirty day's time, the Company shall report the net consideration as determined by the Reinsurer in the Company's tax return for the preceding calendar year.

7. If the Company contests the Reinsurer calculation of the net consideration, the parties will act in good faith to reach an agreement on the correct amount within thirty (30) days of the date the Company submits its alternative calculation. If the Company and the Reinsurer reach agreement on an amount of the net consideration, each party shall report such amount in their respective tax returns for the previous calendar year. If the Company and the Reinsurer fail to reach an agreement on the correct amount of the net consideration, any dispute shall be resolved in accordance with Article XXIII, Arbitration; provided, however, that, in addition to the requirements set forth in Article XXIII, the parties agree to use their reasonable best efforts to select arbitrators and take all necessary actions so that the final arbitrators' report can be delivered to the parties no later than 30 days before the day on which the relevant tax return is due to be filed (determined with regard to any extensions of time for filing).

8. This election shall be effective for the taxable year of each party that includes the Closing Date, and for all subsequent years during which this Agreement remains in effect.

ARTICLE XXXII PROGRAM OF INTERNAL REPLACEMENT

Should the Company, its affiliates, successors or assigns initiate a Program of Internal Replacement (hereinafter defined) that would include any of the Reinsured Policies herein, the Company will immediately notify the Reinsurer. For each Reinsured Policy hereunder that has been replaced under a Program of Internal Replacement, the Reinsurer shall have the option, at its sole discretion, of either treating the Reinsured Policies as recaptured or continuing reinsurance on the new policy under this Agreement.

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The term "Program of Internal Replacement" shall mean any program offered to a class of owners of Reinsured Policies in which a Reinsured Policy is exchanged for another policy, not reinsured under this Agreement, which is written by the Company, its affiliates, successors or assigns. For purposes of this paragraph, a Program of Internal Replacement includes new policies made or issued either:

- a) in compliance with the terms of the original Reinsured Policy or
- b) without the same new underwriting information that the Company would obtain in the absence of the original Reinsured Policy, without a suicide Exclusion period or contestable period of equal duration as those contained in newly issued policies by the Company, or without the payment of the same commissions in the first policy year that the Company would have paid in the absence of the original Reinsured Policy.

ARTICLE XXXIII REINSURANCE

Subsequent to the Due Diligence Date, the Company has not and shall not commute, change, alter or amend any reinsurance arrangements that were in place on the Due Diligence Date with respect to the Reinsured Policies (the "Inuring Reinsurance") without the prior written consent of the Reinsurer, and, absent such consent, this Agreement shall apply only as if all such reinsurance arrangements are deemed to remain in place and to be collectible in accordance with their terms, whether or not such reinsurance is collectible or not. Reinsurer hereby consents to termination by the Company of the 80% quota share reinsurance ceded to UP as respects the Transition Book; provided, however, that (i) the Company provides written notice to Reinsurer of such termination no later than the effective date thereof, and (ii) the Company agrees that upon termination it will be deemed to have stepped into the shoes of UP under such reinsurance, and this Agreement will apply as if such termination did not take place and such Inuring Reinsurance continued in force, i.e., any such termination shall be net to the Company and shall not result in any increase to any cessions under this Agreement.

Subsequent to the Inception Date, the Company shall not enter into any reinsurance arrangements that were not in place on the Due Diligence Date with respect to the Reinsured Policies without the prior written consent of the Reinsurer.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, in duplicate,

Executed this 20th day of July, 2000

The Equitable Life Assurance Society of the United States

By:

Name:

Title:

Executed this ____ day of _____, 2000

Centre Life Insurance Company

By:

Name:

Title:

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, in duplicate,

Executed this 20th day of July, 2000

The Equitable Life Assurance Society of the United States

By:

Name:

Title:

Executed this 20 day of July, 2000

Centre Life Insurance Company

By:

Name:

Title:

Frank D Pierson

CEO

SCHEDULE A

The "Initial Reinsurance Premium" shall be the sum of the following:

- (i) the Base Reinsurance Premium, plus
- (ii) the Post March Cash Flow, plus
- (iii) the Post March Investment Income, plus
- (iv) the Post Inception Investment Income, plus
- (v) Transition Expenses, plus
- (vi) Transition Book Adjustment

For the purpose of immediately preceding, the following terms shall have the meanings ascribed below:

- (i) "Base Reinsurance Premium" shall be an amount equal to US\$1,427,982,000 times the Yield Adjustment;
- (ii) "Yield Adjustment" shall be equal to 1.00 plus 10 times the difference of (x) 6.76% minus (y) the yield on the 5 year U.S. Treasury strip due July 2005 as published in the Wall Street Journal on the Closing Date (the "Benchmark Security"). Notwithstanding the foregoing, the Yield Adjustment shall be 1.00 if the calculation in the preceding sentence results in a value between 0.99 and 1.01.
- (iii) "Post March Cash Flow", if any, shall be equal to the sum of the (x) Net Premiums received less (y) the Benefit Payments paid less (z) the amounts in item (iv) of the definition of Ultimate Net Loss in Article IV, Ultimate Net Loss, paid by Equitable, on or after April 1, 2000 and prior to the Inception Date of the Agreement. Provision will be made for expenses that are currently due and payable or receivable but have not yet been paid or received as of the Inception Date.
- (iv) "Post March Investment Income" shall be equal to "R" times sum of Base Reinsurance Premium plus the (1/2) times the Post March Cash Flow, where R is equal to 7.0% times the ratio of (x) the number of days be-

tween April 1, 2000 and the Inception Date, both days inclusive, divided by (y) 365.

- (v) "Post Inception Investment Income" shall be equal to Base Reinsurance Premium times 7.0% times the ratio of (x) the number of days between the Inception Date and the date the Initial Reinsurance Premium is received by the Reinsurer, both days inclusive, divided by (y) 365.
- (vi) "Transition Book Adjustment" shall be equal to \$2.75 million with interest from the Closing Date at 7.00% per annum, unless DMS is appointed the third party administrator of the Transition Book in which case, the Transition Book Adjustment shall be equal to zero \$(0).

SCHEDULE B
List of States not Excluded
From Insolvency Funds Exclusion

Alaska	Maryland
California	New Mexico
Colorado	New York
Florida	West Virginia
Maine	

SCHEDULE C

Reinsured Policies

The following policies are reinsured:

Policies and Riders included in Series 102
Policies and Riders included in Series 105
Policies and Riders included in Series 110
Policies and Riders included in Series 110A
Policies and Riders included in Series 112
Policies and Riders included in Series 112A
Policies and Riders included in Series 114
Policies and Riders included in Series 118
Policies and Riders included in Series 119
Policies and Riders included in Series 121
Policies and Riders included in Series 123
Policies and Riders included in Series 124
Policies and Riders included in Series 125
Policies and Riders included in Series 126
Policies and Riders included in Series 127
Policies and Riders included in Series 128
Policies and Riders included in Series 129
Policies and Riders included in Series 131
Policies and Riders included in Series 133

SCHEDULE D

Net Cash Flows

Present Value of Cash Outflows

Scenario 1 - Baseline

RESTATED

Period	Actual Lives Cash Flows				Discontinued Lives Cash Flows				Total
	1998	1999	2000	2001	1998	1999	2000	2001	
1998	107,367,701	6,420,108	4,074,268	9,869,211	(86,808,024)	109,807,552	7,137,493	116,946,074	30,037,050
2000	98,791,342	20,983,830	2,940,186	10,711,686	(64,665,561)	95,664,296	8,219,479	101,903,778	37,248,227
2001	92,004,946	29,434,449	2,564,692	11,225,007	(48,332,794)	80,654,436	6,905,538	86,759,973	48,427,178
2002	85,708,655	36,292,146	2,237,998	11,666,803	(33,607,608)	87,064,303	5,656,450	92,712,832	59,205,224
2003	80,043,367	46,340,833	1,773,600	12,098,231	(19,630,603)	83,396,773	5,420,140	88,808,913	86,976,310
2004	71,864,897	53,166,018	1,424,002	12,227,760	(4,867,096)	80,232,357	5,215,103	85,447,461	80,590,365
2005	65,428,766	57,760,255	1,297,879	12,667,972	5,817,630	77,313,014	5,025,346	82,338,390	88,162,980
2006	59,428,153	62,306,818	1,175,810	12,120,747	16,174,023	74,844,020	4,664,861	78,708,882	88,982,905
2007	54,631,233	66,634,111	1,063,080	12,126,013	32,800,760	72,152,753	4,689,932	76,842,726	100,754,698
2008	49,859,760	66,637,077	984,186	12,139,297	40,767,998	69,235,156	4,500,264	73,735,420	111,781,403
2009	45,656,704	73,453,901	889,819	11,989,253	48,840,793	66,879,252	4,334,161	71,013,404	116,134,668
2010	40,066,146	77,206,449	798,849	11,376,170	54,827,378	61,984,550	4,180,373	68,483,805	122,654,782
2011	35,906,856	76,650,016	647,124	11,144,941	59,698,846	59,301,330	4,026,986	66,013,545	124,603,228
2012	32,774,171	82,860,549	598,382	10,912,748	64,653,711	56,450,251	3,664,686	63,155,916	125,407,712
2013	29,797,966	87,960,549	449,307	10,038,237	68,146,249	53,767,571	3,494,862	60,119,517	119,638,042
2014	22,769,086	80,428,771	360,761	9,068,496	65,468,282	51,144,378	3,324,364	57,282,463	115,726,854
2015	18,291,496	74,333,521	301,806	8,439,965	64,363,023	48,228,761	2,961,262	54,666,780	108,426,984
2016	16,302,616	70,823,867	262,122	7,911,641	62,147,016	45,403,872	2,777,306	51,363,631	101,006,186
2017	13,291,326	67,264,590	208,141	7,371,765	60,921,896	42,727,253	2,614,710	49,355,124	97,135,878
2018	10,609,396	63,860,365	144,134	6,761,660	58,447,639	39,961,077	2,501,470	46,505,089	92,161,814
2019	8,872,424	60,363,339	114,548	6,339,146	55,845,106	37,143,228	2,226,702	43,656,547	87,647,191
2020	7,311,410	56,408,272	102,016	5,925,660	52,761,144	34,287,717	2,054,411	40,836,128	83,623,469
2021	6,442,226	54,111,360	86,625	5,570,167	50,986,464	31,806,326	1,876,733	38,656,418	80,066,924
2022	5,414,241	52,670,488	77,913	5,262,868	48,828,716	28,274,280	1,707,629	36,578,325	77,910,624
2023	5,174,321	48,166,871	66,625	4,579,948	44,002,466	23,561,833	1,531,528	34,093,365	72,483,065
2024	2,874,571	41,800,236	24,066	3,923,338	40,166,200	21,111,696	1,372,280	32,281,985	66,666,719
2025	1,867,733	37,877,377	18,049	3,466,508	38,551,619	20,908,076	1,229,025	30,137,100	62,650,155
2026	1,221,771	34,333,741	5,973	2,729,647	35,000,822	19,467,353	0	27,857,147	58,500,749
2027	816,671	30,646,009	0	2,358,161	154,600,749	0	0	0	154,600,749
2028 +	4,063	162,248,681	0	0	0	0	0	0	0
PV at 12/98 net 8.0%	662,890,216	616,228,139	17,005,819	121,397,612	91,941,264	836,025,307	64,449,616	892,474,823	984,416,177
PV at 12/98 net 7.5%	679,235,283	661,538,325	17,356,671	126,280,175	115,921,768	867,730,513	66,376,804	924,107,407	1,040,029,185
PV at 12/98 net 7.0%	696,604,879	689,842,089	17,728,028	131,463,110	142,428,328	889,516,399	68,436,823	967,956,222	1,100,383,550
Less 12/98 Statutory Reserve Ceded on Excess Coverage and Transition Reinsurance									
12/98 Present Value of DI Block at 7.5% Net of Reinsurance									
45,356,564									
994,670,641									

SCHEDULE E

Reports of Accounting and Settlement

Reinsurance Settlement between Equitable and Centre
Month ending XX/XX/XX
Existing Book only

Line #		Existing Book
1	Cash premiums, net of refunds	
2	Plus: Recoveries and other amounts collected by Equitable and due Centre	
3	Less: Cash premiums for inuring reinsurance	
4	Less: Cash premiums, net of refunds, paid to Centre or TPA	
5	A Subtotal - Net cash premiums and recoveries = (1)+(2)-(3)-(4)	A
6	Benefit and settlement payments (including extra contractual losses)	
7	Less: Benefits due and payable under inuring reinsurance	
8	Less: Benefit and settlement payments made by Centre or TPA	
9	Less: Benefit and settlement payments for claims excluded from definition of ultimate net loss (net of associated premiums)	
10	Less: Extra contractual losses of Equitable and paid by Centre or TPA	
11	B Subtotal - Net benefit and settlement payments = (6)-(7)-(8)-(9)-(10)	B
12	C Commissions and service fees	C
13	D Premium taxes	D
14	E Administration expenses not paid by Centre or TPA	E
15	F Other amounts collected by Centre or TPA and due to Equitable	F
16	G Other amounts collected by Equitable and due to Centre	G
17	H Amounts due Equitable under Transition Services Agreement	H
18	I Guaranty Fund reimbursements from Centre (9states only)	I
19	J Guaranty Fund recoveries due Centre (if applicable)	J
20	Net due Centre / (Equitable) A-B-C-D-E-F+G-H-I+J	

Balance Sheet and other required accounting items:

Premiums paid in advance (included in cash premiums above)

Uncollected premiums (excluded from cash premiums above)

Premium waivers (excluded from cash premiums above)

Statutory reserves

GAAP reserves

Reinsurance Settlement between Equitable and Centre
Month ending XX/XX/XX
Transition Book only

Line #		100% share		Centre's share
1	Cash premiums, net of refunds			
2	Plus: Recoveries and other amounts collected by Equitable and due Centre			
3	Less: Cash premiums for inuring reinsurance other than UP Coinsurance (80/20 reinsurance), if any			
4	Net premium under 80/20 = (1)+(2)-(3)		x20%	
5	Less: Cash premiums, net of refunds, paid to Centre or TPA	N/A		
6	A Subtotal - Net cash premiums and recoveries = (4)-(5)	N/A		A
7	Benefit and settlement payments (including extra contractual losses)			
8	Less: Benefits due and payable under inuring reinsurance other than UP Coinsurance (80/20 reinsurance), if any			
9	Net benefits and settlements under 80/20 = (7)-(8)		x20%	
10	Less: Benefit and settlement payments made by Centre or TPA	N/A		
11	Less: Benefit and settlement payments for claims excluded from definition of ultimate net loss (net of associated premiums)	N/A		
12	Less: Extra contractual losses of Equitable and paid by Centre or TPA	N/A		
13	B Subtotal - Net benefit and settlement payments = (9)-(10)-(11)-(12)			B
12	C Commissions and service fees		x20%	C
13	D Premium taxes		x20%	D
14	E Administration expenses not paid by Centre or TPA		x20%	E
15	F Other amounts collected by Centre or TPA and due to Equitable		x80%	F
16	G Other amounts collected by Equitable and due to Centre		x20%	G
17	H Amounts due Equitable under Transition Services Agreement		x20%	H
18	I Guaranty Fund reimbursements from Centre (9states only)		x20%	I
19	J Guaranty Fund recoveries due Centre (if applicable)		x20%	J
20	Net due Centre / (Equitable) A-B-C-D-E-F+G-H-I+J	N/A		

Balance Sheet and other required accounting items:

Premiums paid in advance (included in cash premiums above)

Uncollected premiums (excluded from cash premiums above)

Premium waivers (excluded from cash premiums above)

Statutory reserves

GAAP reserves

CREDIT SUPPORT AGREEMENT

by and between

**THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES**

AND

CENTRE LIFE INSURANCE COMPANY

Dated as of July 1, 2000

CREDIT SUPPORT AGREEMENT

This Credit Support Agreement (the "Credit Support Agreement"), dated as of July 1, 2000 (the "Inception Date"), by and between The Equitable Life Assurance Society of the United States, a stock life insurance company organized under the laws of New York ("Equitable") and Centre Life Insurance Company ("CLIC"), a stock life insurance company organized under the laws of Massachusetts.

WITNESSETH:

WHEREAS, Equitable desires to cede, and CLIC desires to assume, on a 100% quota share basis, liabilities of Equitable under certain individual disability income insurance policies under that certain indemnity reinsurance agreement, of even date herewith, by and between Equitable and CLIC (the "CLIC Reinsurance Agreement");

WHEREAS, CLIC desires to provide Equitable with credit support that is intended to ensure that CLIC will be able to perform its obligations under the CLIC Reinsurance Agreement; and

WHEREAS, CLIC and Equitable executed that certain Memorandum of Understanding, dated June 8, 2000 (the "Credit Support Memorandum," a copy of which is attached hereto as Exhibit A), setting forth the understanding of the parties with respect to credit support.

NOW THEREFORE, in consideration of the mutual promises set forth herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

Definitions

For purposes of this Agreement, the following terms shall have the following meanings:

"Ancillary Agreements" shall have the meaning set forth in the CLIC Reinsurance Agreement.

"Business Days" shall have the meaning set forth in the Reserve Trust Agreement.

"CLIC Reinsurance Agreement" shall have the meaning set forth in the first recital hereof.

"Company Action Level Event" shall have the meaning set forth in the Risk Based Capital rules in the Code of Massachusetts Regulations, 211 CMR 20.03.

"Credit for Reinsurance Notice" shall have the meaning set forth in Section 5.5 hereof.

"Credit Support Memorandum" shall have the meaning set forth in the third recital hereof.

"Credit Support Report" shall have the meaning set forth in Section 7.6 hereof.

"DAC Tax Amount" shall have the meaning set forth in the Security Trust Agreement.

"Delinquency Proceeding" shall have the meaning set forth in the CLIC Reinsurance Agreement.

"Event of Default" shall have the meaning set forth in the Credit Support Memorandum.

"Installment Payments" shall have the meaning set forth in Section 7.8 hereof.

"LIBOR" shall mean the rate per annum equal to the 6-month LIBOR (rounded upward, if necessary, to the nearest one-hundredth (1/100th) of one percent) reported on the Bloomberg Financial Markets Services Display Screen for London interbank deposits as of 11:00 a.m. (London time), on the Business Day prior to the day on which an interest rate is first applicable

(provided that in the event no such rate is available, the rate shall be the rate equal to the arithmetic mean of the six-month rates shown on the LIBOR page of Reuters Money Service at approximately 11:00a.m. (London time) as of such date).

"Obligations" shall have the meaning set forth in the Reserve Trust Agreement.

"Reinsured Policies" shall have the meaning set forth in the CLIC Reinsurance Agreement.

"Reserve" and "Reserve Amount" shall have the meaning set forth in Section 7.7 hereof.

"Reserve Trust Account" shall have the meaning set forth in the Reserve Trust Agreement.

"Reserve Trust Agreement" shall mean that certain Reserve Trust Agreement by and among CLIC, as grantor, Equitable, as Beneficiary, and The Bank of New York, as trustee, of even date herewith, as may be amended by its terms from time to time.

"Retrocession Agreement" shall mean that certain reinsurance agreement by and between CLIC and Zurich Insurance Company, Bermuda Branch, dated June 30, 2000, as may be amended by its terms from time to time, pursuant to which CLIC currently cedes up to an 85% quota share of all business written or reinsured by it.

"Security Trust Agreement" shall mean that certain Security Trust Agreement by and among CLIC, as grantor, Equitable, as Beneficiary, and The Bank of New York, as trustee, of even date herewith, as may be amended by its terms from time to time.

"Special Trust Account" shall have the meaning set forth in Section 5.5 hereof.

"Special Withdrawal Notice" shall have the meaning set forth in the Reserve Trust Agreement.

"Termination Date" shall have the meaning set forth in the Reserve Trust Agreement.

"Termination Notice" shall have the meaning set forth in the Reserve Trust Agreement.

"Transaction" shall have the meaning set forth in the forepart of the Credit Support

Memorandum.

ARTICLE III

Credit Support

Section 2.1 CLIC and Equitable hereby incorporate the Credit Support Memorandum into this Agreement by reference, and mutually agree to abide by the terms thereof. The parties hereby adopt and restate, as of the date of this Credit Support Agreement, any and all of the representations and agreements set forth in the Credit Support Memorandum.

Section 2.2 By virtue of this Credit Support Agreement, any provision of the Credit Support Memorandum by which the parties "will agree" or "shall agree" shall be affirmative agreements hereunder, provided, however, if any term of this Agreement or the Credit Support Memorandum is inconsistent with the CLIC Reinsurance Agreement, the Reserve Trust Agreement or the Security Trust Agreement, the terms and conditions of such other agreements shall control.

Section 2.3 (a) The parties hereto acknowledge and agree that if pursuant to the provisions of Part A, Section 1.d.(iv)(c) of the Credit Support Memorandum Equitable is entitled to draw down such letter of credit, the parties will instruct the letter of credit issuer to effect such draw and deposit such funds in accordance with the terms of the Security Trust Agreement and,

subject to three (3) Business Day's notice to CLIC and the issuer, that such drawdown is reasonably required to pay, or reimburse Equitable for, any CLIC Obligations.

Section 2.4 (a) CLIC represents and warrants that the Retrocession Agreement cannot be terminated, changed or recaptured without CLIC's consent.

(b) CLIC represents and warrants that as of the date hereof, the net worth of Zurich Insurance Company, Bermuda Branch, is the net worth of Zurich Insurance Company of Zurich, Switzerland, CLIC's indirect parent corporation.

ARTICLE III

Minimum Net Worth

Section 3.1 It is understood that for purposes of Part A, Section 1.d.(i)(b) of the Credit Support Memorandum (minimum net worth of a Qualified Surety Bond Provider), and Part C, Section 1.a. of the Credit Support Memorandum (minimum consolidated net worth of a Qualified Surety Bond Provider), required minimum net worth amounts shall be adjusted for annual increases in the Consumer Price Index-All Urban Consumers Current Series , commencing on July 1, 2001.

ARTICLE IV

Cure Rights

Section 4.1 Upon the occurrence of an Event of Default described in Part B, Section 1 of the Credit Support Memorandum, determined as set forth in Section 5.4(a) hereof, the Event of

Default will be deemed to have been cured on the day on which CLIC provides Equitable with certification reasonably acceptable to Equitable that CLIC meets the requirements of Part B, Section 1 of the Credit Support Memorandum.

Section 4.2 If CLIC has become subject to a Delinquency Proceeding, such delinquency shall be deemed to have been cured in the event that the court or other governmental body having jurisdiction over such Delinquency Proceeding issues a final, non-appealable order discharging CLIC from such proceeding, and CLIC meets all other requirements of this Agreement and the CLIC Reinsurance Agreement.

Section 4.3 If CLIC permits the amendment, termination or recapture of the Retrocession Agreement except as permitted under the terms of Part A, Section 1.f. of the Credit Support Memorandum, such breach of this Credit Support Agreement shall be deemed to have been cured upon the reinstatement of the Retrocession Agreement under its original terms with respect to (i) business of CLIC outstanding on the Inception Date, and (ii) the Reinsured Policies.

ARTICLE V

Agreements Regarding Trusts

Section 5.1 (a) In the event that Equitable withdraws amounts from the Reserve Trust in excess of amounts contemplated by Part D, section 1.c. of the Credit Support Memorandum, such amounts shall be maintained in a segregated asset account, similar to an account established pursuant to New York Insurance Department Regulation 102.

(b) Equitable agrees that it shall as promptly as practicable return to the Reserve Trust Account any amount withdrawn from the Reserve Trust Account, plus investment income earned thereon, in excess of the amounts contemplated by Part D, Section 1.c. of the Credit Support Memorandum.

(c) Pending return of such assets, plus investment income earned thereon, to the Reserve Trust Account in accordance with Section 5.1(b), CLIC at its request shall have the right to manage the investment of the assets contained in the segregated asset account, in accordance with the requirements of the New York Insurance Law (it being understood that such investments will be made under investment guidelines that are no more restrictive than investment guidelines otherwise used by Equitable for its investments). The investment results of the segregated asset account will be credited or charged to CLIC. Unless such assets have been withdrawn in good faith error, until such assets are returned to the Reserve Trust Account, Equitable shall pay a fee equal to 200 basis points per annum on the assets held in the segregated asset account.

(d) The relative rights and obligations of CLIC and Equitable under the Reserve Trust Agreement shall apply to any segregated asset account established pursuant to this section 5.1.

Section 5.2 In the event that amounts or assets are withdrawn from the Reserve Trust Account by Equitable, Equitable acknowledges and agrees that, to the extent such assets, plus investment income earned thereon, have not been returned to the Reserve Trust Account, the Obligations of CLIC under the CLIC Reinsurance Agreement shall be reduced dollar for dollar.

Section 5.3 Notwithstanding the foregoing, in the event that Equitable has received a Termination Notice pursuant to Section 9 of the Reserve Trust Agreement, and any part of

CLIC's Obligations remain undischarged ten days prior to the Termination Date, Equitable shall be authorized to withdraw assets equal to such Obligations and (i) retain such assets to the extent that it is entitled to reimbursement for any claims or expenses paid by it with respect to Reinsured Policies, and (ii) deposit the balance of such amounts in a segregated asset account, similar to an account established pursuant to New York Insurance Department Regulation 102, in the name of Equitable, in any United States bank or trust company, apart from its other assets, in trust for the use permitted in Part D, Section 1.c. of the Credit Support Memorandum until such time as the Obligations are discharged by CLIC. The relative rights and obligations of CLIC and Equitable under the Reserve Trust Agreement shall apply to any segregated asset account established pursuant to this Section 5.3.

Section 5.4 (a) For purposes of Part B, Section 1 of the Credit Support Memorandum, CLIC shall notify the Company when it reasonably believes that a Company Action Level Event will occur, but in no event shall such notice be given later than the day on which such Company Action Level Event actually occurs. The first sentence of Part B, Section 1 of the Credit Support Memorandum is hereby deleted in its entirety, and replaced with the following: "The occurrence of a Company Action Level Event shall constitute an Event of Default."

(b) As long as the Event of Default described in Part B, Section 1 of the Credit Support Memorandum remains uncured and if Equitable has not elected any right it may have under the CLIC Reinsurance Agreement to recapture the Reinsured Policies, at the end of the calendar quarter that includes the anniversary of the date on which such Event of Default

occurred, if the assets in the Security Trust are less than ME(t) (as defined in the Credit Support Formula), CLIC shall add assets to the Security Trust so that the amount in the Trust on such date is at least equal to ME(t). In the event that assets in the Security Trust exceed ME(t) on such date, CLIC will be permitted to withdraw assets under the procedures set out in Section 2(d) of the Security Trust Agreement for a Grantor's Withdrawal Notice.

Section 5.5 (a) CLIC will provide Equitable with notice, as early as practicable, of any event of which CLIC has actual knowledge regarding CLIC that will result in Equitable not being able to take credit for the CLIC Reinsurance Agreement on any statutory financial statement filed by Equitable.

(b) If Equitable is not able to (or has received notice that it may not be able to) because of applicable law, rule or regulation, or action of a regulatory authority, take credit on any statutory financial statements required to be filed by Equitable for the reinsurance provided by CLIC Reinsurance Agreement, Equitable will provide CLIC with notice (the "Credit for Reinsurance Notice") that it can not, or reasonably believes it will not be able to, take credit for reinsurance on any statutory financial statement; such Notice will set forth the basis of Equitable's position, and will include any supporting documentation.

(c) Promptly after the Credit for Reinsurance Notice is given, the parties will cooperate in attempting to resolve any issues raised by such Notice, in order to restore Equitable's statutory financial statement credit.

(d) No more than ten (10) Business Days prior to the end of the calendar quarter for which, or on such earlier date on which, Equitable will not be able to take credit on any financial

statement for the CLIC Reinsurance, Equitable shall have the right to provide the Trustee with a Special Withdrawal Notice.

(e) If, and at such time as, Equitable's statutory financial statement credit for reinsurance is restored, Equitable will promptly provide notice to the Trustee and CLIC that the operative provisions of the Reserve Trust Agreement in effect prior to the time Equitable gave the Special Withdrawal Notice shall be reinstated.

(f) In the event that any insurance regulatory authority imposes credit for reinsurance requirements on Equitable that do not require conversion of the entire Reserve Trust Account under section 2(g) of the Reserve Trust Agreement, Equitable will specify in the Special Withdrawal Notice an amount or assets required to meet any such requirement, in which event the Trustee shall be authorized to hold such amounts or assets in a dedicated account (the "Special Trust Account"), for the benefit of Equitable, which Special Trust Account shall be subject to the operative provisions applicable to a Statutory Trust, subject to any specific requirements imposed by such regulator.

(g) The conversion of the Reserve Trust Account or other acts required under Section 2(g) of the Reserve Trust Agreement shall be at CLIC's expense; provided, however, Equitable will hold CLIC harmless from any reasonable expenses or losses (including reasonable attorney's fee) incurred by CLIC in the event that Equitable had no reasonable basis for submitting a Special Withdrawal Notice.

(h) Equitable may give Notice of Intention, as that term is used in Section 9(a) of the Reserve Trust Agreement, only at such time as (i) it has elected any right it may have under

Article VIII (Recapture) of the CLIC Reinsurance Agreement, in which case the amount remaining in the Reserve Trust Account shall be offset against CLIC's Obligation to pay a Commutation Amount (as that term is used in the CLIC Reinsurance Agreement), or (ii) reasonably believes that CLIC has no further obligations under the CLIC Reinsurance Agreement in all material respects.

Section 5.6 Each party's rights of offset shall be maintained, and nothing in this Credit Support Agreement or the Ancillary Agreements shall in any way limit or restrict such rights.

ARTICLE VI

Survival

Section 6.1 The representations, covenants and agreements of the parties provided in this Credit Support Agreement and the parties' obligations hereunder shall survive the execution and delivery and shall survive until all Obligations of CLIC under the CLIC Reinsurance Agreement shall have been satisfied.

ARTICLE VII

Miscellaneous

Section 7.1 Except as set forth above, any disputes arising under this Credit Support Agreement shall be resolved by arbitration, in accordance with the procedures set forth in Article XXIII of the CLIC Reinsurance Agreement.

Section 7.2 The provisions of this Credit Support Agreement shall be governed by the laws of the State of New York, without giving effect to the conflict of laws provisions thereof.

Section 7.3 This Credit Support Agreement may be amended, changed or altered as the parties may agree, if such change, amendment or alteration is evidenced in writing executed by the parties hereto.

Section 7.4 Notwithstanding any agreements with respect to arbitration, and in addition to any other remedy to which they are entitled in law or equity, the parties shall have the right to injunctive or other equitable relief to prevent breaches and to enforce specifically the terms and provisions of this Credit Support Agreement in any court in the State of New York, or any court of the United States located in the State of New York, it being understood that the rights hereunder are not in derogation of any arbitration rights under the CLIC Reinsurance Agreement or the Ancillary Agreements.

Section 7.5 In order for a surety bond provider to be a Qualified Surety Bond Provider (as that term is defined in the Credit Support Memorandum), any such provider will agree to be bound by the provisions of Part B, Section 2 and Part E, Section 1 of the Credit Support Memorandum.

Section 7.6 Within ten (10) Business Days following the end of each calendar quarter, CLIC will provide a report to Equitable showing the amounts of the items in the Credit Support Formula (the "Credit Support Report"). The Credit Support Report may be included in the quarterly Reserve Amount Statement pursuant to Section 1(d) of the Reserve Trust Agreement.

Section 7.7 For purposes of this Credit Support Agreement and the Credit Support Memorandum, the term "Reserves" shall have the same meaning as the term "Reserve Amount" in the Reserve Trust Agreement.

Section 7.8 Each DAC Tax Amount withdrawn from the Security Trust Account will be repayable by the Grantor to the Security Trust Account in five (5) equal annual installments in the amount of 0.24389 times the relevant DAC Tax Amount (the "Installment Payments"). The Installment Payments will be payable on the first five anniversary dates following the date on which the relevant DAC Tax Amount was withdrawn.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be
executed this 20th day of July, 2000.

CENTRE LIFE INSURANCE COMPANY

By: Frank D. Pearson
Name: Frank D. Pearson
Title: CEO

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

By: _____
Name: _____
Title: _____

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FROM LIGN N.Y.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

executed this 20th day of July, 2000.

CENTRE LIFE INSURANCE COMPANY

By: _____

Name: _____

Title: _____

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

By: _____

Name: _____

Title: _____

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "Memorandum"), dated June 8, 2000, sets forth the understanding of The Equitable Life Assurance Society of the United States ("Equitable") and Centre Life Insurance Company ("CLIC") with respect to credit support ("Credit Support") described in section 1(f) of the Letter of Intent (the "Letter of Intent") dated May 18, 2000 between Equitable and CLIC relating to an individual disability income reinsurance transaction (the "Transaction"). Pursuant to agreements between the parties, this Memorandum is timely delivered as required by section 3(g) of the Letter of Intent.

A. Credit Support Formula

1. CLIC will provide Credit Support consisting of its own net worth and the Reserve Trust. In addition, as of the effective date of the Transaction, CLIC will provide the other components of the Credit Support, which shall be the Security Trust, the Surety Bonds, the retrocession agreement between CLIC and Zurich Insurance Company, Bermuda Branch ("ZIBB"), and at CLIC's option, the AE Treaty (as defined below), as described below. After the effective date of the Transaction, some or all of the components of the Credit Support (other than the Reserve Trust which shall always be maintained during this Transaction, and CLIC's net worth whatever it may be at the time) shall be maintained as may be required or permitted below, as the case may be in the description of such other Credit Support. In any event, the components of the Credit Support, whatever they may be at the time, shall be such as to satisfy the Credit Support Formula (attached as Exhibit A) at all times during the term of the Transaction.
 - a. ~~A~~ "Reserve Trust," which will at all times during the term of the Transaction hold assets at market value equal to or in excess of the CLIC reserves (the "Reserves") attributable to the reinsured disability income business, computed quarterly on a U.S. GAAP basis. For the avoidance of doubt, such assets may include LOCs (as defined below) to the extent required to make up any shortfall in funding in the Reserve Trust (after any permitted transfers from the Security Trust to the Reserve Trust) so long as such LOCs are included as part of the Reserve Trust and the following conditions are met:

- (i) such LOC's must be replaced by cash or appropriate investments within 60 days after being placed in the Reserve Trust, and
 - (ii) the amount of such LOC's included as part of the Reserve Trust shall not exceed 5% of the Reserves.
- b. A "Security Trust," which at inception will hold an amount equal to the excess of the total consideration paid by Equitable, minus an amount for certain transaction-related expenses, over the Reserves. Over time, the amount held in the Security Trust will vary according to the Credit Support Formula set forth in Part A, Section 2 of this Memorandum.
- c. At the discretion of CLIC, an aggregate excess of loss reinsurance treaty (the "AE Treaty") issued by a reinsurer and otherwise satisfying the requirements set forth in Part E, Section 2 of this Memorandum.
- d. Surety agreements or other forms of credit enhancement effectively guaranteeing that CLIC will have a positive net worth and the liquidity to pay its obligations as they become due that are substantially in the form of the Surety Agreement provided by CLIC to Equitable on May 24, 2000 or other form of credit enhancement reasonably acceptable to Equitable ("Surety Bonds") that, at the time of determination, are issued by entities that are "Qualified Surety Bond Providers" (defined below) at such time.
 - (i) A "Qualified Surety Bond Provider" is a member (i.e., wholly owned direct or indirect subsidiary) of the Zurich Financial Services Group that satisfies all of the following five criteria:
 - (a) It is on the then most recent list of Qualified Surety Bond Providers provided from time to time by CLIC (the "List"); a company will be put on the list when CLIC intends that it be counted as a Qualified Surety Bond Provider for the

purposes of providing credit support in respect of the Transaction. The List may be amended, by adding names of new Qualified Surety Bond Providers and/or by deleting names of prior Surety Bond Providers, at any time by notice to Equitable from CLIC, which amendment shall be effective on the fifth business day after receipt of such notice, together with supporting documentation with respect to newly listed Qualified Surety Bond Providers (most recently available audited and, if prepared, unaudited financial statements of the Qualified Surety Bond Provider, the most recent rating agency report, executed copy of the Surety Bond, and a favorable legal opinion as to the due authorization, execution and delivery thereof and the legal, valid, binding and enforceable obligation, subject to customary qualifications and exceptions).

- (b) It has an audited net worth of at least \$300 million as of the date its name first appears on the List, and maintains an audited net worth of at least \$200 million thereafter during the term of this Transaction, on a current basis (i.e., the parties will negotiate a reasonable inflation multiplier).
- (c) The financial statements of such entity are audited by a "Big 5" accounting firm (or successor firm) or Zurich Insurance Group's current auditor.

- (d) It has a financial strength rating of at least "A".
 - (e) It is not subject to any bankruptcy, insolvency or similar proceeding.
- (ii) If a Surety Bond Provider issues a Surety Bond and thereafter ceases to meet the five criteria set forth above, and thus ceases to be a Qualified Surety Bond Provider, such Surety Bond Provider's audited net worth will not be counted for the purposes of determining compliance with the Credit Support Formula.
- (iii) At the inception of the Transaction, the Qualified Surety Bond Providers will be CSUS and CRUS, which have ratings of "AA", and a combined net worth in excess of \$1.3 billion.
- (iv) As an alternative, or in addition, to Surety Bonds, CLIC may provide irrevocable standby letters of credit ("LOCs") guarantying CLIC's obligations to Equitable. Any such LOCs must be issued by a major national or international commercial bank with a senior unsecured debt rating of "A+/A1" or better and Tier 1 Capital (common stockholders equity, plus qualifying, non-cumulative, perpetual preferred stock, plus minority interests in equity accounts of consolidated subsidiaries) of at least five (5) times the amount of the LOC obtained from such bank. Draws under LOCs will be permitted as follows:
- (a) If the LOC is included in the Reserve Trust, the LOC may be drawn down under substantially the same conditions that apply to withdrawal of assets from the Reserve Trust.
 - (b) If the LOC is included in the Security Trust, the LOC may be drawn down under substantially the same conditions that apply

to withdrawal of assets from the Security Trust.

- (c) If the LOC is held outside of either Trust, the LOC may be drawn down under substantially the same conditions that apply to withdrawal of assets from the Security Trust. Any amount drawn down will be deposited in the Reserve Trust or the Security Trust, as appropriate.
 - (d) If the Reserve Trust has been converted to a Reg. 114 trust, and the LOC is included in the Reserve Trust or is otherwise needed to provide credit for reinsurance, the LOC shall comply with Reg. 133.
- e. The capital of CLIC.
- f. A retrocession agreement between CLIC and ZIBB (which currently has net worth equal to that of Zurich Insurance Company) with respect to CLIC's outstanding business (as of the effective date of the Transaction) and the reinsurance reinsured in the Transaction. CLIC will agree that during the term of the Transaction, it will not consent to the termination, change or recapture of such outstanding retrocession agreement except as specifically provided below, and shall notify ZIBB accordingly, with a copy to Equitable and evidence satisfactory to Equitable of its receipt by ZIBB. The requirements herein regarding the retrocession agreement shall survive any Change of Control, as defined below.
- (i) Any termination, change or recapture of or to the retrocession agreement with CLIC, solely in respect of business retroceded as of the date of the Transaction and the reinsurance reinsured in the Transaction, will be subject to Equitable's consent, which consent shall not be unreasonably withheld. For the avoidance of doubt, Equitable's consent will not be withheld if the termination, recapture

or change to the retrocession agreement would have no material, adverse impact on Equitable's risk in this Transaction.

- (ii) In addition to any other remedies available to Equitable, if CLIC recaptures or changes the retrocession agreement with ZIBB other than as set forth in Part A, Section 1(f)(i), Equitable shall have the same remedy as set forth in Part C, Section 1(b).
- 2. The Credit Support Formula is annexed hereto as Exhibit A. At all times, CLIC must satisfy the Credit Support Formula. Capitalized terms used herein and not otherwise defined shall have the meaning provided in the Credit Support Formula.
- 3. CLIC will have and retain perpetual cure rights with respect to the occurrence of any Event of Default, Adverse Change of Control, Delinquency, requirements regarding retrocession with ZIBB, or any breach of any covenants hereunder. The foregoing will not estop, and Equitable from enforcing its rights upon the occurrence of any of the foregoing, prior to such cure.

B. Covenants and Events of Default

- 1. CLIC's failure to maintain its capital and surplus at the amount necessary to meet or exceed the "Company Action Level" for Massachusetts Risk Based Capital purposes shall constitute an "Event of Default." Subject to reasonable notice, upon the occurrence of such an Event of Default, and thereafter, for as long as the Event of Default has not been cured, CLIC will be required to fund the Security Trust as follows:
 - a. CLIC must fund the Security Trust with an amount equal to "ME(t)", as defined in the Credit Support Formula, (but not less than \$0 on the initial funding date). The parties will agree on a procedure for annual adjustment of such funding level to reflect changes in Reserves.
 - b. For each quarter, and as long as the Event of Default has not been cured, CLIC must maintain the Security Trust as set forth above.

- c. The parties acknowledge that the obligation of CLIC to fund either Trust is an obligation that is supported by the Surety Bonds.
2. Prior to the payment of any dividend to its shareholder(s), any Qualified Surety Bond Provider will provide Equitable with a statement certifying that upon payment of such dividend, the Total Credit Support ("K(t)", as defined in the Credit Support Formula) requirement will continue to be met; provided, however, that such certification shall be required only if the payment of such dividend (i) requires the approval of any regulatory authority with jurisdiction over the Qualified Surety Bond Provider, and (ii) would cause the total value of all credit support at the time of the dividend payment to fall below 110% of the Total Credit Support.
 - a. If any Qualified Surety Bond Provider is required to provide such notice and fails to do so (a "Dividend Notice Failure"), the Total Credit Support for the 90 days following the Dividend Notice Failure shall be increased to 115% of the Total Credit Support immediately prior to such failure.
 - b. At the close of such 90-day period for which Total Credit Support was raised as set forth immediately above, the Total Credit Support shall revert to the level required immediately prior to the Dividend Notice Failure.

C. Change of Control; Insolvency

1. In the event Zurich Insurance Company ("ZIC") ceases owning, directly or indirectly, at least 50% of the shares and assets of each of CLIC and the Qualified Surety Bond Providers (a "Change of Control"), the parties shall have the following rights:
 - a. If the controlling party has been assigned ratings by major rating agencies substantially similar to those assigned to ZIC and has net worth on a current, consolidated basis of at least \$10 billion, the Change of Control will be a "Non-Adverse Change of Control." In the case of a Non-Adverse Change of Control, all agreements

contemplated herein shall remain in force without modification.

- b. In the event of a Change of Control other than a Non-Adverse Change of Control (herein an "Adverse Change of Control"), all agreements contemplated herein shall remain in force, except that the Total Credit Support immediately upon the Change of Control shall be raised to a percentage of the Total Credit Support applicable immediately preceding the Change of Control. Such percentage shall be 130% with respect to any Change of Control occurring before the first anniversary of the effective date of the Transaction and shall decline over ten years in equal amounts of 1.5% every twelve months thereafter to 115%.
 - c. An Adverse Change of Control may be cured (in which event the Total Credit Support required shall be reduced to the Total Credit Support applicable as if such Adverse Change of Control had not occurred) in at least the following ways:
 - (i) the new controlling person subsequently satisfies the requirements to make the change in control a Non-Adverse Change of Control,
 - (ii) the assets or stock, as the case may be, of the entity subject to the Change in Control is acquired back directly or indirectly by ZIC or an affiliate of ZIC, or
 - (iii) new Qualified Surety Bond Providers not subject to the Adverse Change of Control replace those that were subject to the Adverse Change of Control.
- 2. In the event that CLIC is subject to a Delinquency proceeding under the Insurance Law of Massachusetts, Equitable shall have the rights set forth in Part B, Section 1.
 - 3. The parties agree in the course of negotiating definitive Transaction documents that they will use commercially reasonable efforts to agree on a provision giving Equitable the right, at

Equitable's sole option, to recapture the reinsured business upon the occurrence of an Adverse Change of Control or the initiation of a Delinquency proceeding involving CLIC or its successor, as the case may be (pursuant to any assignment permitted hereunder), taking into account Equitable's reasonable concerns for security, and CLIC's reasonable profit expectations.

D. Agreements Regarding Trusts

1. The Reserve Trust agreement will provide the following:
 - a. Future net premiums (as defined in the Reinsurance Agreement to be entered into in the Transaction) will be paid into the Reserve Trust.
 - b. Equitable has the unconditional right to draw assets from the Reserve Trust account upon providing notice to the trustee of withdrawal, with a copy to CLIC.
 - c. Equitable and CLIC will agree by contract to draw such assets only for purposes of paying or reimbursing payment of then current claims and claims expenses under the reinsured business.
 - d. Equitable will agree by contract that if it breaches its covenant and withdraws funds from the Reserve Trust in excess of amounts required for the payment of current claims or claims expenses, or if Equitable withdraws funds from the Reserve Trust in error, such excess amounts shall be maintained in a segregated asset account as required by New York Reg. 102 until returned by Equitable to the Reserve Trust (which it shall be contractually obligated to do).
 - e. Equitable will agree by contract to credit CLIC with the return on the assets held in such segregated asset account at the fixed rate of LIBOR, plus an additional amount to be negotiated in good faith.
 - f. Each party's right of offset shall be maintained.

g. The Reserve Trust will be converted to a trust that qualifies under New York Reg. 114 or other relevant law for credit for reinsurance purposes in the event that:

- (i) Equitable is not able to take credit for such reinsurance on any statutory financial statement;
- (ii) CLIC has not provided an alternative form of security sufficient to obtain statutory credit; and
- (iii) For avoidance of doubt, the parties acknowledge that in this case, the Reserve Trust will be funded by CLIC based on Equitable's statutory reserves.

2. The Security Trust agreement will provide the following:

- a. Withdrawals from the Security Trust will be permitted monthly to fund a claims paying account and will be permitted at any time to fund the Reserve Trust. In addition, the premium for the AE Treaty and appropriate trust expenses will be withdrawn from the Security Trust.
- b. Assets in excess of those required in the Reserve Trust will flow automatically to the Security Trust.
- c. Beginning in the first calendar quarter of 2006, assets held in the Security Trust may be withdrawn by CLIC so long as after such withdrawal:
 - (i) Total assets in the Reserve Trust and the Security Trust combined, divided by the Reserves, is no less than the minimum "Q(t)," as defined in the Credit Support Formula; and
 - (ii) The Credit Support Formula is complied with.
- d. If, during the period 2006 through 2014, total assets in the Reserve Trust and the Security Trust combined, divided by the Reserves, is less than the minimum "Q(t)", and there has been a discretionary withdrawal

from the Security Trust within the then current and the previous six (6) calendar quarters, then CLIC will be required to pay into the Security Trust an amount equal to the lesser of: ":-"

- (i) the amount needed to satisfy "Q(t)", or
 - (ii) the amounts withdrawn during the then current or such previous six (6) calendar quarters with interest at 7%.
- e. Equitable will make withdrawals of Security Trust assets only in the case CLIC fails to pay any reinsurance obligations (as defined in the reinsurance agreement), and will provide the trustee with a certificate from designated officers specifying the reason for the withdrawal. Such withdrawals will be deposited in the Reserve Trust.
- f. Notwithstanding anything to the contrary herein, if Equitable draws down an LOC posted by CLIC but does not use all of the funds so drawn to pay current claims and claims expenses, CLIC may withdraw the excess LOC funds deposited in the Security Trust by Equitable pursuant to Part A, Section 1(d)(iv)(c), above, from the Security Trust at any time after the effective date of the Transaction, provided that CLIC first posts a LOC to replace the LOC drawn down by Equitable or otherwise provides Credit Support so that the Credit Support Formula is satisfied.
3. Both agreements will provide the following:
- a. Both the Security Trust and Reserve Trust agreements will provide Equitable with a perfected security interest in Trust assets for the benefit of Equitable.
 - b. Any withdrawal of Trust assets by Equitable will be credited against CLIC liabilities on a dollar for dollar basis.
 - c. Subject to Part D, Section 1(g), above, Trust assets will be invested at CLIC's direction pursuant to an agreed investment policy, including reasonable provisions regarding

determinability of market value,
concentration and similar matters.

E. Other Agreements

1. CLIC will not object to or interfere with Equitable's obtaining third-party beneficiary rights to enforce the Surety Bonds against CRUS or CSUS, or any other Surety Bond provider. As a condition to Equitable's going forward with this Transaction, such third party beneficiary rights shall permit Equitable to step into the shoes of CLIC for purposes of enforcing the Surety Bonds. Equitable will assume any risk of New York State tax liability and fines attributable solely to this provision.
2. The AE Treaty will either name Equitable as ceding insurer or will be novated by CLIC and Reinsurer so that Equitable replaces CLIC under the AE Treaty. In either case, Equitable shall assume any reinsurer credit risk and the AE Treaty shall be insuring reinsurance for purposes of the Transaction regardless of whether the reinsurer performs or the AE Treaty continues to be in place, without amendment, in the form negotiated by CLIC. Prior to inception of the AE Treaty, Equitable shall be satisfied that the AE Treaty is enforceable according to its terms, provides Equitable with direct rights, is noncancellable, otherwise provides the coverage expected of such reinsurance, and is provided by a reinsurer having a financial strength rating of "AA" and net worth reasonable in relation to the risk reinsured.
3. At any time during the term of the Transaction, CLIC shall be permitted to assign the reinsurance agreement with Equitable to another member of the Zurich Financial Services Group by way of novation, subject to regulatory approval and Equitable's consent, which shall not be unreasonably withheld.

This Memorandum will apply to successors and assigns as permitted.

/s/ Frank D. Pierson

BY:

CENTRE LIFE INSURANCE
COMPANY

/s/ Stanley Tulin

BY:

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES

Exhibit A Credit Support Formula

CLIC has satisfied the Credit Support Formula so long as:

$$\text{Equity}(t) \geq \max[C(t), Z(t) - LC(t) - T(t)]$$

It is understood that when applying these formulas, there will be no double counting of assets and capital.

Where:

$R(t)$ = GAAP audited reserve (disabled life + active life, net of inuring re including XOLRe) at time t

$F(t)$ = Reserve coverage ratio at time t , as shown in Exhibit A1

$D(t)$ = Asset discount factor at time t , as calculated below

$M(t)$ = Maximum trigger amount at time t , as shown in Exhibit A1

$LC(t)$ = Letter of credit with Equitable as beneficiary

$X(t)$ = Excess of loss reinsurance ("XOLRe") credit at time t

$T(t)$ = Total amount in Trust Funds - $R(t)$ at time t

$Z(t)$ = The amounts as shown in Exhibit A1

$Q(t)$ = The amounts as shown in Exhibit A1

$$C(t) = [\max(\min\{R(t)(F(t)+1), M(t)\} - R(t), 0) - T(t) - X(t) - LC(t)]D(t)$$

$$K(t) = C(t) + T(t) + LC(t) + X(t), \text{ "Total Credit Support"}$$

$$ME(t) = \max[C(t)/D(t), Z(t) - LC(t) - T(t)]$$

$$\text{Equity}(t) = \text{sum of } N(t,i) + \text{VOBA}(t) \text{ (of this transaction)} - T(t) \text{ [to the extent to avoid any double counting]}$$

$$X(t) = \min\{\min[R(t)(1+F(t)), M(t)] - B(t), L(t)\}$$

Where:

$L(t)$ = limit of XOLRe - ceded incurred losses under XOLRe

$B(t)$ = remaining XOLRe retention, i.e., "Retention Account" Balance (sections A+B), at time t

$$D(t) = \text{sum of } d(t,i)N(t,i) / \text{sum of } N(t,i)$$

Where:

$N(t,i)$ = net worth of CLIC and Qualified Surety Bond Provider at time t

$d(t,i)$ = the discount factor for CLIC and Qualified Surety Bond Provider based on its S&P Financial Strength Rating as follows:

AA/AA-	1.8
A+	2.5
A	8.0

EXHIBIT A1

EOY	M(t) (\$millions)	Q(t)	F(t)	Z(t) (\$millions)
2000	2,500	N/A	0.800	500
2001	2,500	N/A	0.800	500
2002	2,500	N/A	0.770	500
2003	2,500	N/A	0.740	500
2004	2,500	N/A	0.710	500
2005	2,500	N/A	0.680	500
2006	2,450	125%	0.650	500
2007	2,400	120%	0.620	500
2008	2,350	115%	0.590	500
2009	2,250	113%	0.560	500
2010	2,150	110%	0.530	500
2011	2,050	108%	0.500	500
2012	1,950	106%	0.500	500
2013	1,900	104%	0.500	500
2014	1,800	102%	0.500	500
2015	1,650	100%	0.500	500
2016	1,550	100%	0.500	500
2017	1,450	100%	0.480	500
2018	1,350	100%	0.460	500
2019	1,200	100%	0.440	500
2020	1,100	100%	0.420	500
2021	1,000	100%	0.400	500
2022	900	100%	0.380	500
2023	800	100%	0.360	500
2024	700	100%	0.340	500
2025	600	100%	0.320	500
2026	550	100%	0.300	500
2027	450	100%	0.280	500
2028	400	100%	0.260	500
2029	200	100%	0.240	500
2030	200	100%	0.220	500
2031	N/A	100%	0.200	-
2032	N/A	100%	0.200	-
2033	N/A	100%	0.200	-
2034	N/A	100%	0.200	-
2035	N/A	100%	0.200	-
2036	N/A	100%	0.200	-
2037	N/A	100%	0.200	-
2038	N/A	100%	0.200	-
2039	N/A	100%	0.200	-
2040	N/A	100%	0.200	-

RESERVE TRUST AGREEMENT

Dated as of

July 1, 2000

by and among

Centre Life Insurance Company

as Grantor

and

The Equitable Life Assurance Society of the United States

as Beneficiary

and

The Bank of New York

as Trustee

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EXHIBITS

- A - Investment Policies
- B - Claims Notice

RESERVE TRUST AGREEMENT

RESERVE TRUST AGREEMENT, dated as of July 1, 2000 (the "Agreement"), by and among Centre Life Insurance Company, an incorporated insurance company organized and existing under the laws of and domiciled in the Commonwealth of Massachusetts (hereinafter the "Grantor"), The Equitable Life Assurance Society of the United States, a stock insurance company organized and existing under the laws of and domiciled in the State of New York (such insurer and its successors by operation of law, including, without limitation, any liquidator, rehabilitator, receiver or conservator thereof, being hereinafter referred to as the "Beneficiary"), and The Bank of New York, a New York banking corporation as trustee and as secured party, for the benefit of the Beneficiary (such bank, in its capacity as trustee, as secured party and as securities intermediary, being referred to as the "Trustee").

WITNESSETH:

WHEREAS, the Grantor and the Beneficiary have entered into a certain reinsurance agreement, dated as of July 1, 2000, whereby the Grantor, as reinsurer, has agreed to reinsure a certain book of the individual disability income insurance business of the Beneficiary as cedant (hereinafter referred to as the "CLIC Reinsurance Agreement");

WHEREAS, the Beneficiary desires the Grantor to secure and provide for payments by the Grantor to the Beneficiary of all amounts at any time and from time to time owing under or in connection with the CLIC Reinsurance Agreement up to an amount equal to the Reserve Amount;

WHEREAS, the Grantor desires to establish with the Trustee a trust account (the "Reserve Trust Account") and transfer to the Trustee for deposit in the Reserve Trust Account Assets (as hereinafter defined) in order to secure and to fund payments under or in connection with the CLIC Reinsurance Agreement up to an amount equal to the Reserve Amount;

WHEREAS, the Trustee has agreed to act as Trustee hereunder and, in accordance with the terms hereof, to hold such Assets in trust in the Reserve Trust Account on the terms herein set forth;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Deposit of Assets to the Reserve Trust Account.

(a) Concurrently with the execution and delivery of this Agreement, the Grantor hereby establishes a Reserve Trust Account and the Trustee hereby accepts the Reserve Trust Account herein created and declared upon the terms provided herein and shall administer the Reserve Trust Account as Trustee, and with respect to the security interest granted in Section 1(f) hereof, as secured party for the exclusive benefit of the Beneficiary. The Grantor shall establish and the Trustee shall maintain the Reserve Account as a securities account at The Bank of New York, which shall act as securities intermediary (the "Securities Intermediary") with regard to the Reserve Trust Account. The creation of the Reserve Trust Account as a securities account does not and is not intended to in any way limit the Grantor's ability hereunder to deposit into the Reserve Trust Account any Eligible Securities. The Reserve Trust Account shall be subject to withdrawal by the Beneficiary and upon request of the Grantor as provided herein. The Trustee and its lawfully appointed successors are authorized and shall have power to receive such cash, securities and property as from time to time may be transferred or remitted to or vested in the Trustee or placed under the Trustee's possession and control, and to hold, invest, reinvest, manage and dispose of the same for the uses and purposes and in the manner and according to the provisions hereinafter set forth. All such trustee assets at all times shall be maintained as a trust account, separate and distinct from all other assets of the Trustee, and shall be continuously maintained by the Trustee.

(b) The Grantor or the Beneficiary shall transfer to the Trustee, for deposit to the Reserve Trust Account, on the date hereof, cash and shall transfer to the Trustee, for deposit to the Reserve Trust Account, such other assets as it may from time to time be required to deposit by this Agreement or otherwise (all such assets actually received in the Reserve Trust Account and proceeds thereof as well as amounts transferred under Section 4(a) and reinvestments thereof are herein referred to individually as an "Asset" and collectively as the "Assets").

(c) The Grantor hereby represents, warrants and covenants (i) that any Assets transferred by the Grantor to the Trustee for deposit to the Reserve Trust Account will be in such form that the Beneficiary may, upon satisfaction of the conditions set forth in Section 2, and the Trustee, upon written direction by the Beneficiary may, negotiate any such Assets without consent or signature from the Grantor or any Person other than a Depository (as such term is hereinafter defined) in accordance with the terms of this Agreement; and (ii) that all Assets transferred by the Grantor to the Trustee for deposit to the Reserve Trust will consist only of cash (United States legal tender) and Eligible Securities (as hereinafter defined).

(d) Five Business Days after the end of each calendar quarter the Grantor shall provide the Trustee and the Beneficiary with a statement setting forth the Reserve Amount for the end of the quarter just ended (the "Reserve Amount Statement"). At year end

valuation dates, the Reserve Amount shall be subject to an audit as to reserve adequacy by the Grantor's independent accounting firm. At interim quarter end dates, the Reserve Amount Statement shall include either: (i) a representation from the Grantor that there have been no material changes to the actuarial assumptions (e.g., morbidity, mortality, lapse, interest etc.) or methodology used in calculating the aggregate Reserve Amount since the prior year-end audit or (ii) a statement from the Grantor's independent accounting firm, which may be based on a limited scope review, that following such changes, made in accordance with generally accepted standards of actuarial practice, the reserves under the new reserve basis or methodology remain adequate. If at the end of any calendar quarter the current fair market value of the Assets in the Reserve Trust Account shown on the Trustee's Valuation Report for the end of that quarter is less than the Reserve Amount shown in the Reserve Amount Statement for the end of that quarter, the Grantor shall within ten (10) Business Days after the delivery of the Valuation Report deposit or cause to be deposited additional Assets into the Reserve Trust Account such that the fair market value of the Assets at the end of the calendar quarter, after giving effect to such additional deposit, is at least equal to the Reserve Amount. The Grantor shall provide to the Trustee and the Beneficiary certification, signed by a designated officer of the Grantor, of the Grantor's good faith belief that following the deposit of Assets under this Section 1(d), the requirements of this Section 1(d) shall have been met.

(e) All Assets in the Reserve Trust Account shall be valued at their current fair market value in U.S. dollars as determined by the Trustee in its sole discretion exercised in a reasonable manner as described below. Within 10 Business Days after the end of each month the Trustee shall send to the Beneficiary and the Grantor a written report regarding the valuation of the Assets at the end of such month (the "Valuation Report"). Each report shall include a fair market value valuation of all Assets in the Trust Account in accordance with the asset prices provided by the market makers or such other appropriate independent sources of valuation as recommended in writing to the Trustee by the Grantor's investment manager or, in their absence, by an independent nationally recognized pricing service to which the Trustee subscribes in the normal conduct of its business (e.g., Interactive Data, Merrill Lynch, Bloomberg, etc.). The Trustee shall not be liable for incorrect fair market value of Assets caused by the use of inaccurate or erroneous prices provided by such pricing services or sources. If the price is not available as set forth above, the Trustee can obtain the price by retaining, at the expense of the Grantor and pursuant to the written recommendation of the Grantor's investment manager, a major independent securities valuation firm to appraise the value of such Assets. If the Grantor or the Beneficiary disputes the fair market value of the Assets in the Reserve Trust Account as set forth in the Valuation Report, then within ten Business Days following receipt of the Valuation Report, the Grantor or the Beneficiary, as the case may be, will notify the other party of its dispute regarding the valuation (the "Valuation Dispute Notice"). The Valuation Dispute Notice shall contain sufficient information to support the disputing party's valuation. The Trustee shall not be a party to any dispute between the Grantor and Beneficiary

relating to the valuation of Assets set forth in the Valuation Report, but shall be provided with a copy of any Valuation Dispute Notice delivered by the Grantor or Beneficiary under this provision. The non-disputing party has five Business Days from the receipt of the Valuation Dispute Notice to agree with the disputing party's valuation or provide its own reasonable valuation of the specific Assets in dispute (the "Asset Response"). During no more than four Business Days after the Asset Response, the parties to the dispute will continue to work to resolve the disagreement, failing which they shall disclose to each other their final and last best proposal ("Proposal" hereinafter defined) no later than the end of such four Business Day period. For purposes hereof, a "Proposal" of a party to the dispute shall consist of the valuation correction and related information supporting the valuation correction. If no resolution of disagreements is reached on or prior to the Business Day following such four Business Days, the parties to the dispute will on such next following Business Day submit their final and last best Proposal (previously disclosed to the other party as provided above) to arbitration by a major independent securities valuation firm, the identity of which shall be mutually agreed, and the parties to the dispute will abide by the result of such arbitration, which arbitration process shall require the arbitrator to select one of the two final and last best Proposals and to render its opinion regarding the reasonableness of the parties' actions for purposes of the next sentence. The cost of such arbitration shall be borne by the party who delivered the Valuation Dispute Notice if it rejects a reasonable Asset Response and otherwise the cost shall be shared equally by the Beneficiary and the Grantor. To the extent feasible, and at the joint written direction of the Grantor and the Beneficiary the Trustee shall adopt the valuation methodology underlying the valuation adopted in arbitration or agreed to by the Beneficiary and the Grantor.

Pending resolution of any dispute with respect to valuation of Assets, the Grantor and Beneficiary will continue to follow the requirements of this Agreement based on the Trustee's Valuation Report as submitted. Upon resolution of any dispute regarding the valuation, the Grantor will deposit into the Reserve Trust Account any additional Assets as may be required, and the Trustee will take the action hereunder that it would otherwise have been required to take, if any.

(f) In order to secure the timely and complete payment and performance of each and all of the Grantor's Obligations, the Grantor hereby grants to the Trustee, as agent of and as secured party for the exclusive benefit of the Beneficiary, a security interest in the Grantor's right, title and interest in and to the Reserve Trust Account and the Assets. The Trustee, as entitlement holder for the benefit of the Beneficiary of all rights associated with the Assets and the Reserve Trust Account, shall have control of the Assets and the Reserve Trust Account for the purpose of perfecting the interest granted hereby. The Grantor hereby authorizes the Beneficiary to file or to instruct the Trustee to file UCC-1 Financing Statements with respect to the Reserve Trust Account and the Assets for which such a financing statement is appropriate, and hereby appoints the Beneficiary as attorney-in-fact for the purpose of sign-

ing Grantor's name on any such financing statements. The Trustee shall at the written direction of the Beneficiary, file the completed UCC-1 Financing Statements delivered to the Trustee by the Beneficiary with respect to the Reserve Trust Account and the Assets.

Section 2. Withdrawal of Assets from the Reserve Trust Account.

(a) The Beneficiary shall have the right, at any time and from time to time, without Grantor's consent, to withdraw from the Reserve Trust Account by providing notice to the Trustee of such withdrawal (the "Withdrawal Notice"), with a copy to the Grantor, such amounts as are specified in such Withdrawal Notice. The Withdrawal Notice may designate a third party (the "Designee") to whom amounts specified therein shall be delivered. The Beneficiary need present no statement or document in addition to a Withdrawal Notice in order to withdraw any Assets; nor is such right of withdrawal or any other provision of this Agreement subject to any conditions or qualifications.

(b) The Grantor shall have the right, from time to time but no more than five times per calendar week, to request withdrawal of such Assets or amounts from the Reserve Trust as are reasonably necessary to pay Obligations under the CLIC Reinsurance Agreement and deposit such amounts in a Claims Paying Account designated in the Claims Notice. The Grantor shall give the Beneficiary and the Trustee notice of such withdrawal request (the "Claims Notice") in the form annexed hereto as Exhibit B. If the amount requested by the Grantor (the "Requested Claim Amount") is equal to or less than the Maximum Withdrawal Amount set forth on the Claims Notice (and calculated as specified in the Claims Notice), the Beneficiary shall be deemed to have approved such request on the date the Claims Notice is submitted by or on behalf of the Grantor to the Trustee and the Trustee shall honor the Claims Notice without further act. In addition, the Grantor may, at any time and from time to time within a calendar quarter, request one or more withdrawals of amounts or Assets not to exceed on a cumulative quarterly basis a "special claims amount" (which at the inception of this Agreement shall be \$20 million, or such other amount as may thereafter be agreed in writing by the Grantor and the Beneficiary); such notice shall be delivered to the Beneficiary and the Trustee and shall state the amount and the reason for such withdrawal (the "Special Claims Notice"), which request shall be deemed to have been approved, unless the Beneficiary shall indicate in writing to the Grantor and the Trustee its disapproval of such request within five (5) Business Days following receipt by the Beneficiary of the Special Claims Notice setting forth such request. The Beneficiary agrees that the Grantor shall deliver to the Trustee written notice of such written approval if no such disapproval is received by the Grantor within such five Business Day period. Upon receipt of a Claims Notice or Special Claims Notice approved by the Beneficiary, or deemed approved under this Section 2(b), the Trustee shall deliver such Assets or the proceeds thereof to a Claims Paying Account designated in such notice.

(c) Following receipt from the Beneficiary or the Grantor (as the case may be) of a Withdrawal Notice or a Claims Notice, Excess Notice or a Special Claims Notice for which the Grantor has delivered to the Trustee a notice of approval by the Beneficiary as set forth above, and in accordance with Section 2(a), (b) or (d) the Trustee shall promptly take any and all steps necessary to transfer, absolutely and unequivocally, all right, title and interest to the Assets or amounts specified in such Withdrawal Notice, Claims Notice, Excess Notice or Special Claims Notice and shall deliver such Assets or amounts as specified in such Withdrawal Notice or Claims Notice, Excess Notice or Special Claims Notice. The Trustee shall be protected in relying conclusively upon any written demand, instruction, direction, acknowledgment, statement, notice, resolution, request, consent, order, certificate, report, appraisal, opinion, telegram, cablegram, facsimile, radiogram, letter, or other communication (collectively, "Communications") of the Beneficiary or the Grantor for any such withdrawal that on its face conforms to the requirements of this Agreement. The Beneficiary or the Grantor, as the case may be, shall execute a receipt evidencing the delivery of Assets or amounts when required in the normal and customary transaction of the business of banking.

(d) If at the end of any calendar quarter the current fair market value of the Assets in the Reserve Trust Account as shown on the Trustee's Valuation Report as of the month just ended is more than the Reserve Amount as shown in the Reserve Amount Statement for the quarter just ended (such excess amount is the "Excess"), upon receipt of written notice from the Grantor, with a copy to the Beneficiary from time to time during the quarter in which the Valuation Report is delivered ("Excess Notice"), the Trustee shall deposit the amount specified in such Excess Notice into the Security Trust Account in the manner directed by the Excess Notice, so long as the cumulative amount requested during the quarter including the current amount does not exceed the Excess for the quarter just ended. The Trustee shall promptly take any and all steps necessary to deliver such excess amounts and shall so deliver such amounts at the end of the fifth Business Day after receipt of each Excess Notice.

(e) The Trustee shall allow no substitutions or withdrawals of any Asset from the Reserve Trust Account, except as set forth in Sections 2 and 3 of this Agreement or in accordance with Section 9 hereof.

(f) Without limiting any other provision of this Agreement, the Trustee shall have no responsibility whatsoever to determine that any Assets withdrawn from the Reserve Trust Account pursuant to this Section 2 will be used and applied in the manner contemplated by this Agreement.

(g) Upon receipt of a notice from the Beneficiary (the "Special Withdrawal Notice"), the Reserve Trust Account and this Agreement shall automatically be amended and reformed to incorporate the provisions required by New York Insurance Department Regulation 114 (11 NYCRR Part 126.5) then in effect as may have been amended from time to time,

or similar regulation in effect in such other state as is identified in the Special Withdrawal Notice, and the Grantor, Beneficiary and Trustee agree to execute any further amendments in order to permit the Beneficiary to take credit for the CLIC Reinsurance Agreement (such amended and reformed Reserve Trust Agreement being the "Statutory Trust"); *provided, however*, that if the credit for reinsurance requirements of the state identified in the Special Withdrawal Notice can be satisfied by funding the Statutory Trust with less than all of the Assets in the Reserve Trust Account, the Trustee shall create a separate trust account (the "Special Trust Account") that shall be funded to the extent set forth in the Special Withdrawal Notice, and such Special Trust Account shall be subject to the provisions applicable to a Statutory Trust as well as other provisions of this Agreement to the extent not in conflict with such statutory requirements. The Grantor shall, within 10 Business Days after receipt of the Special Withdrawal Notice, deposit such additional amounts as may be necessary so that the current fair market value of the Assets on deposit on the date the Statutory Trust is created is at least equal to the Beneficiary's reported statutory reserves calculated as required by New York insurance law and regulations thereunder (unless a lesser amount is required to be held in a Special Trust Account in order to comply with the credit for reinsurance rules of another state identified in the Special Withdrawal Notice).

(h) Subject to the terms of this Agreement, at the time any amount becomes payable or Asset becomes transferable by the Trustee from the Reserve Trust Account, such payment or transfer shall be effected in accordance with the Grantor's written instructions contained in a Claims Notice or Special Claims Notice or, if no such instructions are received by the Trustee at least 24 hours prior to the time set for such payment or transfer or a Withdrawal Notice is received from the Beneficiary, as follows: (i) first from any cash in the Reserve Trust Account; (ii) then, from the proceeds of the sale by the Trustee of any or all of the debt obligations in the Reserve Trust Account (commencing with those obligations closest in maturity to the date in question); (iii) then, from any other Assets in the Reserve Trust Account.

Section 3. Redemption, Investment and Substitution of Assets.

(a) The Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the proceeds of any such payment to the Reserve Trust Account.

(b) For purposes of this paragraph (i) "Substitute Assets" means Eligible Securities owned by the Grantor or held by the Trustee under the Security Trust Agreement and identified in a Substitution notice; (ii) "Current Assets" means Assets identified in the same Substitution notice that are held by the Trustee in the Reserve Trust Account at the time of a Substitution; (iii) "Substitution" means the act of simultaneously (that is, on the same day and by the same Substitution notice) depositing Substitute Assets and withdrawing Current Assets;

(iv) "Substitution Notice" means a request for Substitution that identifies specific Substitute Assets and Current Assets to be Substituted, warrants that the current fair market value of the Substitute Assets is not less than the current fair market value of the Current Assets, and sets forth the status of the proposed Substitution under each of the Approval Triggers as defined in paragraph (1) below; (v) "Substitution Dispute" means a dispute between the Grantor and the Beneficiary as to whether a proposed Substitution qualifies under any one or more of the criteria specified below that is initiated by notice from the Beneficiary to the Grantor and the Trustee; and (vi) "Substitution Dispute Notice" means the Beneficiary's notice of Substitution Dispute delivered to the Trustee and Grantor.

From time to time, so long as no Substitution Dispute is awaiting resolution with respect to either the Reserve Trust Account or the Security Trust Account, the Grantor may deliver a Substitution Notice to the Trustee and the Beneficiary to request a Substitution, subject to the following procedures:

(i) The following procedures apply to Substitutions not involving Substitute Assets that are held by the Trustee under the Security Trust Agreement:

The "Approval Triggers" for each proposed Substitution are as follows, based on the fair market value of Current Assets as reported in the last Valuation Report, and for triggers (II) and (III) cumulatively for Substitutions in both the Reserve Trust Account and the Security Trust Account: (I) \$50 million in a single proposed Substitution, (II) \$75 million aggregate in all proposed Substitutions pending on the day a Substitution Notice is delivered, and (III) \$150 million aggregate in completed and pending Substitutions in each calendar quarter, pending means a Substitution Notice was delivered but the Substitution has either not yet been effected or it has been effected subject to reversal, and is inclusive of the current proposed Substitution.

(A) If a proposed substitution is for an amount that does not exceed any of the Approval Triggers, the Trustee shall effect the proposed Substitution unless there is a currently pending Substitution Dispute. If, within five (5) Business Days following receipt of a Substitution Notice proposing such a Substitution, the Beneficiary delivers a Substitution Dispute Notice, the amount withdrawn that is in dispute shall be redeposited (or if the Substitution has not yet been effected it shall not be effected).

(B) If a proposed Substitution exceeds Approval Trigger (I) or (II) but does not exceed Approval Trigger (III), then the Substitution shall be effected by the Trustee on the sixth Business Day after receipt of the Substitution Notice unless the Beneficiary, prior thereto, has delivered a Substitution Dis-

pute Notice, in which case the Substitution shall be limited to the amount not in dispute.

(C) If a proposed Substitution is for an amount that exceeds Approval Trigger (III), it shall not be effected unless the Beneficiary determines, in its reasonable discretion, that the current fair market value of the Substitute Assets is not less than the current fair market value of the Current Assets. The Beneficiary will use its best efforts to make such determination expeditiously, depending on the availability of information about the investments, and promptly to notify the Grantor of the time involved.

(D) For situations in which valuation information is difficult to obtain from independent sources, the Beneficiary shall promptly provide the Grantor notice of the additional time the Beneficiary needs to review a requested Substitution, and the Grantor will not be unreasonable in extending any applicable response period.

(ii) For Substitutions involving Substitute Assets owned by the Trustee under the Security Trust Agreement, only the procedures set forth in clauses (i)(1)(C) and (i)(1)(D) above shall apply, regardless of the value of the Current Assets, and no more than one such Substitution shall be effected in any month.

(iii) In connection with a Substitution hereunder, if the Beneficiary's failure to timely object to such Substitution is a deemed approval of such Substitution, then the Beneficiary agrees that, upon the expiration of the period within which it may object, the Grantor shall deliver to the Trustee written notice of the Beneficiary's approval if no required written disapproval is received by the Grantor prior to the expiration of such period.

(iv) A Substitution Dispute shall be resolved by the arbitration mechanism in Section 1(e).

(v) Except as set forth in Section 1(e), the Trustee shall have no responsibility whatsoever to determine the value of Current Assets or Substitute Assets, or that Substitute Assets constitute Eligible Securities or to determine if any proposed Substitution is for an amount in excess of any applicable Approval Trigger.

(c) From time to time the Grantor may direct the Trustee in writing (an "Investment Order") to invest or reinvest cash or Eligible Securities held in the Reserve Trust Account in accordance with the Investment Policies set forth in Exhibit A. The Grantor agrees that all investments and substitutions of securities referred to in this paragraph or paragraph (b)

of this Section 3 shall be and remain in compliance with the relevant limitations of the applicable insurance laws and the Investment Policies set forth in Exhibit A. The Trustee shall have no responsibility whatsoever to determine that any Assets in the Reserve Trust Account are or continue to be Eligible Securities. The Trustee, based upon Investment Orders from the Grantor or its designee, shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker retained by the Grantor. The Trustee shall not be responsible for any act, error or omission, or for the solvency, of any investment manager, agent or broker unless such act, error or omission is the result, in whole or in part, of the Trustee's gross negligence, willful misconduct or lack of good faith. The Trustee shall not be responsible for any Loss (as herein defined) suffered by the Beneficiary or the Grantor due to the insolvency of the investment manager, agent or broker.

(d) The Trustee shall not be liable for any loss, liability, claim or damage paid or incurred ("Loss") by the Reserve Trust Account from any investment, reinvestment, liquidation or substitution pursuant to the terms of this Agreement other than a Loss due to the Trustee's own gross negligence, willful misconduct or lack of good faith. Without limiting any other provision herein, the Trustee shall not be liable for any Loss due to changes in market rates or penalties for early redemption or any other fees, taxes or charges.

Section 4. The Income Account.

(a) All payments of interest and dividends in respect to Assets in the Trust Account shall be deposited by the Trustee in a separate custody ledger income account (the "Income Account") within the Reserve Trust Account established by the Grantor and maintained by the Trustee at an office of the Trustee in New York City. Any interest, dividend or other income automatically credited on the payment date to the Income Account which is not subsequently received by the Trustee shall be reimbursed by the Grantor to the Trustee and the Trustee may debit the Income Account for this purpose. Pursuant to Section 7(a), the Trustee shall have the right to deduct its compensation and expenses from the Income Account, to the extent due and owing. Any Amounts contained in the Income Account are part of the Assets of the Reserve Trust Account and, as such, are subject to the terms and conditions of this Agreement with respect to the Assets.

Section 5. Right to Vote Assets.

The Trustee will transmit to the Grantor and or its designee upon receipt, and will instruct any entities authorized to hold Assets in accordance with the terms hereof to transmit to the Grantor upon receipt, all financial reports, stockholder communications, notices, proxies and proxy soliciting materials received from issuers of Assets, and all information relating to exchange or tender offers received from offerors with respect to such Assets. The Grantor and/or its designee shall have the full unqualified right to vote and execute consents

and to exercise any and all proprietary rights not inconsistent with this Agreement with respect to any securities or other property forming a part of the Reserve Trust Account.

Section 6. Additional Rights and Duties of the Trustee.

(a) The Trustee shall, concurrent with delivery of each monthly Valuation Report, deliver a summary of account activity for the month just ended to the Grantor and Beneficiary.

(b) Before accepting any Asset for deposit to the Reserve Trust Account, the Trustee shall determine that such Asset is in such form that the Beneficiary whenever necessary may, or the Trustee upon written direction by the Beneficiary may, negotiate such Asset without consent or signature from the Grantor or any other Person, other than a Depository and the Trustee in accordance with the terms of this Agreement.

(c) The Trustee may deposit any Assets in the Reserve Trust Account in a book-entry account maintained at a Federal Reserve Bank or in depositories such as The Depository Trust Company, the Participants Trust Company, Cedel, and Euroclear (the Federal Reserve Bank and such other depositories being referred to herein as "Depositories"). Assets may be held in the name of a nominee maintained by the Trustee or by any such Depositories.

(d) The Trustee shall accept and may open all mail directed to the Grantor or the Beneficiary in care of the Trustee. The Trustee shall forward all mail to the addressee whether or not opened.

(e) The Trustee shall keep full and complete records of the administration of the Reserve Trust Account. Upon the reasonable written request of the Grantor or the Beneficiary, the Trustee shall promptly permit the Grantor or the Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, at their own expense, during the Trustee's normal business hours any books, documents, papers and records relating to the Reserve Trust Account or the Assets.

(f) The Trustee is authorized to follow and rely conclusively upon all Communications (including, without limitation, Investment Orders, Withdrawal Notices and Termination Notices) given by officers, agents and/or employees named in letters and incumbency certificates furnished to the Trustee from time to time by the Grantor or the Beneficiary and by attorneys-in-fact acting under written authority furnished to the Trustee by the Grantor or the Beneficiary (collectively "Instructions"), including Instructions given by letter, facsimile transmission or electronic media, if the Trustee reasonably believes such Instructions to be genuine and to have been signed, sent or presented by the proper party or parties. The Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good

faith on such Instructions. The Trustee shall not incur any liability in executing Instructions prior to receipt by it of (i) notice of the revocation of the written authority of the individual(s) named therein or (ii) notice from any officer, agent or employee of the Grantor or the Beneficiary named in a letter or incumbency certificate delivered hereunder prior to receipt by it of a more current certificate.

(g) The duties and obligations of the Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended in accordance with the terms hereof, and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee shall be liable only for its own gross negligence, willful misconduct or bad faith. In no event shall the Trustee be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document contemplated by and given in accordance with this Agreement from the Grantor or the Beneficiary, (ii) for any consequential, punitive or special damages, (iii) for the acts or omissions of its nominees, unless the Trustee chose such person without due care, or (iv) for an amount in excess of the value of the Assets, valued as of the most recent valuation report.

(h) No provision of this Agreement shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law.

(i) The Trustee may confer with counsel of its selection in relation to matters arising under this Agreement and shall, upon demand, be indemnified and held harmless from and against any and all Losses by the Grantor hereunder for any actions taken, omitted or suffered by it in connection with this Agreement or under any transaction contemplated hereby in good faith without gross negligence or willful misconduct and in accordance with opinion of such counsel. The opinion of such law firm shall be full and complete authority and protection for the Trustee with respect to any action taken, suffered or omitted by it in good faith and in accordance with the opinion of such law firm.

(j) Subject to the requirement of good faith, reasonableness and the lack of gross negligence or willful misconduct, the Trustee shall be protected in acting upon any Communications (including, without limitation, any Investment Order or Instructions) reasonably believed by the Trustee to be genuine and to have been signed, sent or presented by the proper party or parties. All notices to the Trustee (unless otherwise provided therein) shall be deemed to be effective when actually received by a responsible officer of the Trustee.

(k) Whenever, in the administration of the Reserve Trust Account created by this Agreement, the Trustee shall reasonably deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action thereunder, subject to the requirement of reasonableness, good faith and lack of gross negligence and willful miscon-

duct, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement or certificate signed by or on behalf of the Grantor and/or the Beneficiary and delivered to the Trustee and such certificate shall be full warrant to the Trustee for any action taken, suffered or omitted by it on reliance thereon, subject to this paragraph, but in its discretion exercised in a reasonable manner, the Trustee may in lieu thereof accept other evidence of the fact or matter or may require such other or additional evidence as it may deem reasonable.

(l) Except when otherwise expressly provided in this Agreement and subject to the requirement of reasonableness, good faith and lack of gross negligence or willful misconduct, any Communications (including, without limitation, any Investment Order or Instructions) to be delivered or furnished by the Grantor or the Beneficiary shall be sufficient to be delivered or furnished in the name of the Grantor or the Beneficiary by such officer or officers of the Grantor or the Beneficiary as may be designated in a certificate, resolution or letter of advice by such party. Written notice of such designation by the Grantor shall be filed with the Trustee. The Trustee shall be protected in acting upon any Communications (including, without limitation, any Investment Order or Instruction) made by such officer or agent of the Grantor or the Beneficiary with respect to the authority conferred on it.

(m) Notwithstanding anything to the contrary provided herein, the Trustee is not responsible for any Losses resulting from reasons or causes beyond its control, including without limitation, nationalization, expropriation, currency restrictions, acts of war, terrorism, insurrection, revolution, civil unrest, riots or strikes, nuclear fusion or fission or acts of God.

(n) The Parties acknowledge that nothing in this Agreement shall obligate the Trustee to extend credit, grant financial accommodation or otherwise advance moneys for the purpose of making any payments or part thereof or otherwise carrying out any Instructions, including, without limitation, any Investment Order.

(o) In the event of any reasonable ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Trustee hereunder, the Trustee may, in its reasonable discretion, refrain from taking any action other than retain possession of the Assets, unless the Trustee receives written instructions, signed by the Grantor and the Beneficiary, which eliminate such ambiguity or uncertainty. In the event of any dispute between or conflicting claims by or among the Grantor and the Beneficiary and/or any other person or entity with respect to any Assets, the Trustee shall be entitled, in its reasonable discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Assets, other than a "Withdrawal Notice," so long as such dispute or conflict shall continue, and the Trustee shall not be or become liable in any way for such failure or refusal to comply with such conflicting claims, demands or instructions. The Trustee shall be entitled to refuse to act until, in its reasonable discretion, either (i) such conflicting or adverse claims or demands

shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Trustee or (ii) the Trustee shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses which it may incur by reason of so acting. The Trustee may, in addition, elect, in its reasonable discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, if necessary. The costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of, the Grantor.

(p) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, provided that the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(q) The Securities Intermediary agrees (as set forth in Section 2(a) hereof) that the Beneficiary need present no statement or document in addition to a Withdrawal Notice in order to withdraw Assets, nor is such a right of withdrawal subject to any conditions, qualifications or further consents.

(r) The Securities Intermediary hereby waives any right of counterclaim, bankers lien, liens or perfection rights as securities intermediary with respect to the Assets, the proceeds thereof and the Reserve Trust Account.

Section 7. The Trustee's Compensation, Expenses and Indemnification.

(a) The Grantor, upon receipt of an invoice from the Trustee to the Grantor and without offset to the Beneficiary's interest, (i) shall pay the Trustee, as compensation for its services under this Agreement, a fee computed at rates determined by the Trustee from time to time and communicated in writing to the Grantor and (ii) shall pay or reimburse the Trustee for all of the Trustee's expenses and disbursements in connection with its duties under this Agreement (including reasonable attorneys' fees and expenses and reasonable accounting and consulting fees and expenses), except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct or lack of good faith. The Trustee shall be entitled to deduct its compensation and expenses from payments of dividends and interest in respect of the Assets held in the Income Account as provided in Section 4 of this Agreement.

(b) The Grantor hereby indemnifies the Trustee for, and holds it harmless against, any Losses (including reasonable attorneys' fees and expenses and reasonable consulting and accountants' fees and expenses) incurred or paid (other than as a result of the Trustee's gross negligence, willful misconduct or lack of good faith), arising out of or in connection with

the performance of its duties and obligations under this Agreement, including without limitation any Loss arising out of or in connection with the status of the Trustee in connection with the performance of its duties and any nominee as the holder of record of any of all of the Assets. The Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation of the Trustee or the termination of this Agreement.

(c) No Assets shall be withdrawn from the Reserve Trust Account or used in any manner for paying compensation to, or reimbursement or indemnification of, the Trustee except as set forth in Section 4.

(d) The Trustee hereby waives any and all rights of offset, counterclaim and recoupment against the Beneficiary and Reserve Trust Account, and waives any lien (statutory or otherwise) that it may assert against the Reserve Trust Account.

Section 8. Resignation of the Trustee.

(a) The Trustee may resign at any time by giving not less than 90 days' written notice thereof to the Beneficiary and to the Grantor, such resignation to become effective on the acceptance of appointment by a successor trustee and the transfer to such successor trustee of all Assets in the Reserve Trust Account in accordance with paragraph (b) of this Section 8. The Grantor and the Beneficiary jointly also may remove the Trustee at any time, without assigning any reason therefore, on fifteen (15) days' prior written notice thereof to the Trustee.

(b) Upon receipt of the Trustee's notice of resignation or notice to the trustee of removal, the Grantor and the Beneficiary shall promptly appoint a successor trustee. Any successor trustee shall be a bank that is a member of the Federal Reserve System or chartered in the State of New York and shall not be a parent, a subsidiary or an affiliate of the Grantor or any Beneficiary. If a successor Trustee has not accepted such appointment within 30 days after the notice of resignation or removal, the Trustee may, in its sole discretion, apply at the expense of the Grantor to a court of competent jurisdiction for the appointment of a successor Trustee or for other appropriate relief. The costs and expenses (including reasonable attorney's fees and expenses) incurred by the Trustee in connection with such proceeding shall be paid by, and be deemed an obligation of, the Grantor. Upon the acceptance of the appointment as trustee hereunder by a successor trustee, such successor trustee shall succeed to and become vested with all the rights, powers, privileges and duties of the Trustee, and the Trustee shall be discharged from any future duties and obligations under this Agreement, but the Trustee shall continue after its resignation to be entitled to the benefits of the indemnities provided herein for a Trustee.

Section 9. Termination of the Reserve Trust Account.

(a) The Reserve Trust Account and this Agreement, except for the indemnities provided herein, which shall survive termination, may be terminated, other than pursuant to an order of a court having jurisdiction, only after (i) the Beneficiary has given the Trustee written notice of its intention to terminate the Reserve Trust Account (the "Notice of Intention"), and (ii) the Trustee has given the Grantor the written notice specified in paragraph (b) of this Section 9. The Notice of Intention shall specify the date on which the notifying Party intends the Reserve Trust Account to terminate (the "Proposed Date").

(b) Within ten (10) Business Days following receipt by the Trustee of the Notice of Intention, the Trustee shall give written notification (the "Termination Notice") to the Beneficiary and the Grantor of the date (the "Termination Date") on which the Reserve Trust Account shall terminate. The Termination Date shall be (a) the Proposed Date (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is at least 30 days but no more than 45 days subsequent to the date the Termination Notice is given; (b) 30 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is less than 30 days subsequent to the date the Termination Notice is given; or (c) 45 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is more than 45 days subsequent to the date the Termination Notice is given.

(c) On the Termination Date, after satisfaction of any outstanding Withdrawal Notices, or deduction of amounts required to satisfy any outstanding disputed Withdrawal Notice, and upon receipt of written certification of the Beneficiary that no Obligations of the Grantor remain unsatisfied, the Trustee shall transfer any Assets remaining in the Reserve Trust Account to the Grantor, at which time all duties and obligations of the Trustee with respect to such Assets shall cease.

Section 10. Definitions.

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both such forms of such term are used in this Agreement):

The term "Agreement" shall mean the Reserve Trust Agreement by and among Centre Life Insurance Company and The Equitable Life Assurance Society of the United States and The Bank of New York.

The term "Asset Response" shall have the meaning specified in Section 1(e).

The term "Assets" shall have the meaning specified in Section 1(b).

The term "Beneficiary" shall mean The Equitable Life Assurance Society of the United States.

The term "Business Day" shall mean any day on which the offices of the Trustee in New York are open for business and shall refer to a full business day.

The term "Claims Notice" shall have the meaning specified in Section 2(b).

The term "Claims Paying Account" shall mean the "Claims Revolving Account" as defined in the CLIC Reinsurance Agreement or any other account agreed to by the Beneficiary and the Grantor.

The term "CLIC Reinsurance Agreement" shall mean the reinsurance agreement, dated as of July 1, 2000, by and between the Grantor and the Beneficiary, whereby the Grantor, as reinsurer, has agreed to reinsure a certain book of the individual disability income insurance business of the Beneficiary as cedant.

The term "Communications" shall have the meaning specified in Section 2(c).

The term "Credit Support Agreement" shall mean the credit support agreement between the Grantor and the Beneficiary, dated as of the date hereof.

The term "Current Asset" shall have the meaning specified in Section 3(b).

The term "Depositories" shall have the meaning specified in Section 6(c).

The term "Designee" shall have the meaning specified in Section 2(a).

The term "Eligible Securities" shall mean and include any and all securities (including entitlements in and to such securities) and other investments that are permitted under applicable New York insurance law as admitted assets in the preparation of the annual statement filed by the Grantor, other than real estate and foreign investments, and permitted pursuant to the Investment Policies attached hereto as Exhibit A. Eligible Securities may include (i) to the extent the Grantor must deposit amounts pursuant to Section 1(d), Letters of Credit for a period of no longer than 60 days and up to an aggregate amount equal to no more than 5% of the Reserve Amount and (ii) to the extent the Grantor must deposit or maintain additional amounts pursuant to Section 2(g), Letters of Credit in an amount equal to such additional amount.

The term "Excess" shall have the meaning specified in Section 2(d)

The term "Grantor" shall mean Centre Life Insurance Company.

The term "Income Account" shall have the meaning specified in Section 4.

The term "Instructions" shall have the meaning specified in Section 6(f).

The term "Letters of Credit" shall mean one or more irrevocable standby letters of credit guaranteeing the Grantor's obligations to the Beneficiary under the CLIC Reinsurance Agreement which is issued by a major national or international commercial bank with a senior unsecured debt rating of "A+ / A1" or better and Tier 1 Capital (common stockholders equity, plus qualifying, noncumulative, perpetual preferred stock, plus minority interests in equity accounts) at least five (5) times the amount of the letters of credit obtained from such bank.

The term "Loss" shall have the meaning specified in Section 3(d).

The term "Net Premiums" shall have the meaning ascribed thereto in the CLIC Reinsurance Agreement.

The term "Notice of Intention" shall have the meaning specified in Section 9(a).

The term "Obligations" shall mean, with respect to the CLIC Reinsurance Agreement, any and all amounts due and payable to the Beneficiary as defined and explicitly set forth in the CLIC Reinsurance Agreement.

The term "Person" shall mean and include an individual, a corporation, a limited liability company, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

The term "Proposal" shall have the meaning specified in Section 1(e).

The term "Proposed Date" shall have the meaning specified in Section 9(a).

The term "Reserve Amount" shall mean the amount of gross reserves and other liabilities or contra assets attributable to the liabilities of the Grantor under the CLIC Reinsurance Agreement, calculated each calendar quarter in accordance with generally accepted accounting principles in the United States as reflected in CLIC's financial statements.

The term "Reserve Amount Statement" shall have the meaning specified in Section 1(d).

The term "Reserve Trust Account" shall mean the trust account established pursuant to this Agreement.

The term "Security Trust Account" shall mean the account established pursuant to the Security Trust Agreement, dated the date hereof, by and among the Grantor, the Beneficiary and the Trustee.

The term "Special Claims Notice" shall have the meaning specified in Section 2(b).

The term "Special Withdrawal Notice" shall have the meaning specified in Section 2(g).

The term "Statutory Trust" shall have the meaning specified in Section 2(g).

The term "Substitute Assets" shall have the meaning specified in Section 3(b).

The term "Substitution" shall have the meaning specified in Section 3(b).

The term "Substitution Dispute" shall have the meaning specified in Section 3(b).

The term "Termination Date" shall have the meaning specified in Section 9(b).

The term "Termination Notice" shall have the meaning specified in Section 9(b).

The term "Trustee" shall mean The Bank of New York.

The term "Valuation Dispute Notice" shall have the meaning specified in Section 1(e).

The term "Valuation Report" shall have the meaning specified in Section 1(e).

The term "Withdrawal Notice" shall have the meaning specified in Section 2(a).

Section 11. Governing Law.

This Agreement and the Reserve Trust Account shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 12. Successors and Assigns.

No Party may assign this Agreement or any of its obligations hereunder without the prior written consent of the other Parties; *provided, however*, that this Agreement shall inure to the benefit of and bind those who, by operation of law, become successors to the Par-

ties, including, without limitation, any liquidator, rehabilitator, receiver or conservator and any successor, merged or consolidated entity; and *provided, further*, that, in the case of the Trustee, the successor trustee is eligible to be a trustee under the terms hereof.

Section 13. Severability.

In the event that any provision of this Agreement shall be declared invalid or unenforceable by a court having jurisdiction, such invalidity or unenforceability shall not effect the validity or enforceability of the remaining portions of this Agreement.

Section 14. Entire Agreement.

This Agreement constitutes the entire agreement among the Parties, and there are no understandings or agreements, conditions or qualifications regarding the rights and obligations of the Trustee which are not fully expressed in this Agreement.

Section 15. Amendments.

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, only if such modification, amendment or waiver is in writing and signed by all of the Parties.

Section 16. Notices, etc.

Unless otherwise provided in this Agreement, all Communications (including, without limitation, any Investment Orders or Instructions) required or permitted to be given or made under the terms hereof shall be in writing and shall be deemed to have been duly given or made (a) (i) when delivered personally, (ii) when made or given by telecopier, or (iii) in the case of International Priority Mail (Federal Express), upon the expiration of three days after any Communication shall have been deposited in International Priority Mail (Federal Express) for transmission or upon receipt thereof, whichever shall first occur and (b) when addressed as follows:

To the Grantor:
Centre Life Insurance Company
One Chase Manhattan Plaza
New York, NY 10005
Attention: President

with a copy to:

Zurich Centre Group
One Chase Manhattan Plaza
New York, NY 10005
Attention: General Counsel

To the Beneficiary:

The Equitable Life Assurance Society
of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: Chief Actuary

with a copy to:

The Equitable Life Assurance Society
of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: General Counsel

If to the Trustee:

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attn: Insurance Trust and Escrow Unit

Each Party may from time to time designate a different address for Communications (including, without limitation, Investment Orders) by giving written notice of such change to the other Parties. All Communications relating to the Beneficiary's approval of the Grantor's authorization to substitute Assets and to the termination of the Reserve Trust Account shall be in writing.

Section 17. Headings.

The headings of the sections and the Table of Contents have been inserted for convenience of reference only, and shall not be deemed to constitute a part of this Agreement.

Section 18. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same agreement.

FROM

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES**

By: 

Name:

Title:

CENTRE LIFE INSURANCE COMPANY

By: _____

Name:

Title:

THE BANK OF NEW YORK, AS TRUSTEE

By: _____

Name:

Title:

**THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY**

By: _____

Name:

Title:

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES**

By: _____

Name:

Title:

CENTRE LIFE INSURANCE COMPANY

By: Frank D. Pearson

Name: Frank D. Pearson

Title: CEO

THE BANK OF NEW YORK, AS TRUSTEE

By: _____

Name:

Title:

**THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY**

By: _____

Name:

Title:

JUL-19-00 17:06 From:CAHILL GORDON #1

212-269-5420--01

T-505 P 02/03 Job-062

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

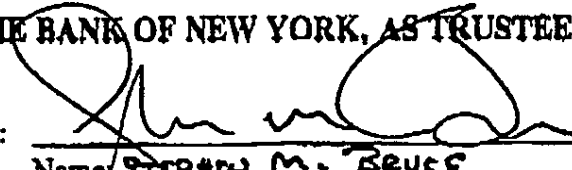
**EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES**

By: _____
Name:
Title:

CENTRE LIFE INSURANCE COMPANY

By: _____
Name:
Title:

THE BANK OF NEW YORK, AS TRUSTEE

By: 
Name: STEPHEN M. BRUCE
Title: ASSISTANT VICE PRESIDENT

**THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY**

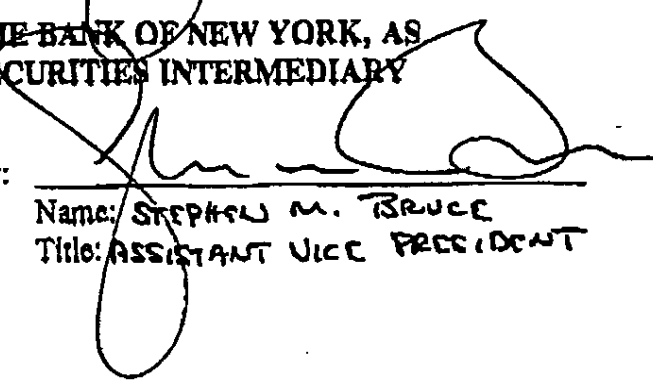
By: 
Name: STEPHEN M. BRUCE
Title: ASSISTANT VICE PRESIDENT

EXHIBIT A

Investment policies

[See attached]

CENTRE***Summary Of Fixed Income Investment Guidelines - ELAS Trust***

	Govt/Agency	AAA	AA	A	BBB	<BBB
Single Issuer	100%/25%	5%	5%	2.5%	2%	1%
Overall	100%/50%	100%	100%	80%	15%	5%
Industry (b)	100%/50%	20%	20%	15%	5%	1%
Maturity (d)	30	30	30	30	30	10
Accept Tranches						
- Senior	Y	Y	Y	Y	Y	Y
- Junior	Y	Y	Y	Y	Y	(a) Y
Market Makers (*)	2	2	2	2	2	2

(*) Minimum number of market makers to be queried for month-end pricing when appropriate and when available.

CENTRE

CENTRE***Summary Of Equity Investment Guidelines - ELAS Trust***

	AAA	AA	A	BBB
Single Issuer (c) (1)	5%	5%	3%	2%
Overall	(c)	(c)	(c)	(c)
Industry (b)	(c)	20%	(c)	(c)
Preferred	Y	Y	Y	Y
Acceptable	Y	Y	Y	N

(1) Single Issuer Limits by Credit Quality apply only if market capitalization is less than 1 billion USD.

Notes:

- (a) Only when senior debt is highly rated
- (b) For industry spread among multiple ratings, the limit is the weighted average
- (c) Combined limit for Equities and Fixed Income

CENTRE

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Summary Of Investment Guidelines

- The Investment objectives is to maximize total rate of return and maintain a duration target of the fixed income investments in the Reserve Trust, ("liability assets") are within 2 years of the liabilities subject to practical limits.

- All investments will be "Eligible Securities."

- At least 90 % of the Trust assets will be "Acceptable" investments, as set forth in the table. "Acceptable" investments will include:

A. Publicly-traded debt obligations, subject to the credit quality and allocation restrictions, issued by the following or of the following nature:

- government issues or agency instruments unconditionally guaranteed by such;
- state or municipal government issues;
- issues of supranational organizations in which the United States is a member;
- corporations, commercial paper, and 144A issues;
- mortgage-backed pass-through and collateralized mortgage obligations;
- asset-backed securities, including collateralized bond, debt, and loan obligations;
- and, commercial mortgage-backed securities.

B. Publicly traded equity listed on a major exchange, inclusive of preferred equity, subject to the credit quality and allocation restrictions and a maximum invested amount not to exceed twenty percent of the value of the Trust assets.

- A basket of 10% of the Trust assets can be instruments that don't meet the above "Acceptable" investments, (including unrated securities, private placements, preferred stocks below investment grade, and other alternative investments), but are subject to the definition of "Eligible Securities" as defined in the Trust Agreements.

- All investments will be in US\$ or swapped into US\$.

- Each publicly traded investment must be capable of being liquidated without significantly affecting its market price.

- Swaps, Options, and Derivatives to facilitate Asset-Liability Management may be employed subject to appropriate regulatory filings and required approvals, including but not limited to a Derivatives Use Plan that maybe required by any regulatory authority having jurisdiction over the Reinsurer.

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INVESTMENT GUIDELINES: Derivative Program for ALM

Name:

Derivatives used as hedges for Asset Liability Management.

Business Exposure Definition:

The adverse impact of movements in interest rates, currency exchange rates on the balance sheet and income statements as realized due to mismatches in duration, convexity, credit, etc.

Primary Program Purpose:

- (I) Protect the value of the Portfolios from movements in interest rates and currency exchange rates.
- (II) To achieve (I), CENTRE manages its Portfolios so that they are (within defined limits) duration and currency matched against the corresponding liabilities.
- (III) It is not always practical, possible or cost effective to achieve matching without using interest rate or currency derivatives.
- (IV) Derivative use will be guided by goal to reduce CENTRE net risk positions of or to better match the Portfolios with the corresponding liabilities.

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INVESTMENT GUIDELINES:

Derivative Program for ALM

Exposure Measurement Methodology

and Horizon:

Effectiveness measured by reduction in volatility of the NPV of the assets less liabilities. Interest Rate and Currency Risk exposure will be measured by the net effective exposure. Credit Risk exposure will be measured by maximum future expected exposures.

Applied to following Portfolios:

The portfolios of assets invested to meet policyholder obligations. (the "Portfolios").

Authorized Derivative Products:

Swaps, Forwards, Options, and Futures.

Valuation:

Mark to market values to be provided by at least two swap dealers.
Mark to market frequency will be consistent with Reserve and Security Trust Agreements

Counterparties:

As set forth in Zurich Risk Policies, counterparties to be restricted to those of high credit quality, i.e .A or higher.

CENTRE

EXHIBIT B

Form of Claims Notice

A = Average Weekly Disbursements from Claims Paying Account for the past eight weeks

B = Average Weekly Disbursements from Claims Paying Account for the most recent fiscal quarter

C = Current Claims Paying Account Balance

D = $1.5 \times A$

E = $2.5 \times B$

F = greater of zero and (D - C)

G = greater of zero and (E - C)

H = lesser of F & G = Maximum Withdrawal Amount

Requested Claim Amount (Not to Exceed H)

Claims Paying Account # : _____

SECURITY TRUST AGREEMENT

Dated as of

July 1, 2000

by and among

Centre Life Insurance Company

as Grantor

and

The Equitable Life Assurance Society of the United States

as Beneficiary

and

The Bank of New York

as Trustee

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EXHIBITS

A - Investment Policies

B - Authorized Signatories of Beneficiary

SECURITY TRUST AGREEMENT

SECURITY TRUST AGREEMENT, dated as of July 1, 2000 (the "Agreement"), by and among Centre Life Insurance Company, an incorporated insurance company organized and existing under the laws of and domiciled in the Commonwealth of Massachusetts (hereinafter the "Grantor"), The Equitable Life Assurance Society of the United States, a stock insurance company organized and existing under the laws of and domiciled in the State of New York (such insurer and its successors by operation of law, including, without limitation, any liquidator, rehabilitator, receiver or conservator thereof, being hereinafter referred to as the "Beneficiary"), and The Bank of New York, a New York banking corporation as trustee and as secured party, for the benefit of the Beneficiary (such bank, in its capacity as trustee, as secured party and as securities intermediary, being referred to as the "Trustee").

WITNESSETH:

WHEREAS, the Grantor and the Beneficiary have entered into a certain reinsurance agreement, dated as of July 1, 2000, whereby the Grantor, as reinsurer, has agreed to reinsure a certain book of the individual disability income insurance business of the Beneficiary as cedant (hereinafter referred to as the "CLIC Reinsurance Agreement"); and

WHEREAS, the Beneficiary desires the Grantor to secure and provide for payments by the Grantor to the Beneficiary of all amounts at any time and from time to time owing under or in connection with the CLIC Reinsurance Agreement up to an amount equal to the Security Amount; and

WHEREAS, the Grantor desires to establish with the Trustee a trust account (the "Security Trust Account") and transfer to the Trustee for deposit in the Security Trust Account Assets (as hereinafter defined) in order to secure and to fund payments under or in connection with the CLIC Reinsurance Agreement up to an amount equal to the Security Amount; and

WHEREAS, the Trustee has agreed to act as Trustee hereunder and, in accordance with the terms hereof, to hold such Assets in trust in the Security Trust Account on the terms herein set forth.

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

Section 1. Deposit of Assets to the Security Trust Account.

(a) Concurrently with the execution and delivery of this Agreement, the Grantor hereby establishes a Security Trust Account and the Trustee hereby accepts the Security Trust Account herein created and declared upon the terms provided herein and shall administer

the Security Trust Account as Trustee, and with respect to the security interest granted in Section 1(f) hereof, as secured party for the exclusive benefit of the Beneficiary. The Grantor shall establish and the Trustee shall maintain the Security Trust Account as a securities account at The Bank of New York, which shall act as securities intermediary (the "Securities Intermediary") with regard to the Security Trust Account. The creation of the Security Trust Account as a securities account does not and is not intended to in any way limit the Grantor's ability hereunder to deposit into the Security Trust Account any Eligible Securities. The Security Trust Account shall be subject to withdrawal by the Beneficiary and upon the request of the Grantor as provided herein. The Trustee and its lawfully appointed successors are authorized and shall have power to receive such cash, securities and property as the Grantor from time to time may be transferred or remitted to or vested in the Trustee or placed under the Trustee's possession and control, and to hold, invest, reinvest, manage and dispose of the same for the uses and purposes and in the manner and according to the provisions hereinafter set forth. All such trusteed assets at all times shall be maintained as a trust account, separate and distinct from all other assets of the Trustee, and shall be continuously maintained by the Trustee.

(b) The Grantor or the Beneficiary shall transfer to the Trustee, for deposit to the Security Trust Account, on the date hereof, cash and shall transfer to the Trustee, for deposit to the Security Trust Account, such other assets as it may from time to time be required to deposit by this Agreement or otherwise (all such assets actually received in the Security Trust Account and proceeds thereof as well as amounts transferred under Section 4(a) and reinvestments thereof are herein referred to individually as an "Asset" and collectively as the "Assets").

(c) The Grantor hereby represents, warrants and covenants (i) that any Assets transferred by the Grantor to the Trustee for deposit to the Security Trust Account will be in such form that the Beneficiary may, upon satisfaction of the conditions set forth in Section 2, and the Trustee, upon written direction by the Beneficiary may, negotiate any such Assets without consent or signature from the Grantor or any Person other than a Depository (as such term is hereinafter defined) in accordance with the terms of this Agreement; and (ii) that all Assets transferred by the Grantor to the Trustee for deposit to the Security Trust Account will consist only of cash (United States legal tender) and Eligible Securities (as hereinafter defined).

(d) All Assets in the Security Trust Account shall be valued at their current fair market value in U.S. dollars as determined by the Trustee in its sole discretion exercised in a reasonable manner as described below. Within 10 Business Days after the end of each month the Trustee shall send to the Beneficiary and the Grantor a written report regarding the valuation of the Assets at the end of such month (the "Valuation Report"). Each report shall include a fair market value valuation of all Assets in the Security Trust Account in accordance with the asset prices provided by the market makers or such other appropriate independent sources of valuation as recommended in writing to the Trustee by the Grantor's investment manager or, in their absence, by an independent nationally recognized pricing service to which the Trustee subscribes in the normal conduct of its business (e.g., Interactive Data, Merrill Lynch, Bloomberg, etc.). The Trustee shall not be liable for incorrect fair market value of Assets caused by

the use of inaccurate or erroneous prices provided by such pricing services or sources. If the price is not available as set forth above, the Trustee can obtain the price by retaining, at the expense of the Grantor and pursuant to the written recommendation of the Grantor's investment manager, a major independent securities valuation firm to appraise the value of such Assets. If the Grantor or the Beneficiary disputes the fair market value of the Assets in the Security Trust Account as set forth in the Valuation Report, then within ten Business Days following receipt of the Valuation Report, the Grantor or the Beneficiary, as the case may be, will notify the other party of its dispute regarding the valuation (the "Valuation Dispute Notice"). The Valuation Dispute Notice shall contain sufficient information to support the disputing party's valuation. The Trustee shall not be a party to any dispute between the Grantor and Beneficiary relating to the valuation of Assets set forth in the Valuation Report, but shall be provided with a copy of any Valuation Dispute Notice delivered by the Grantor or Beneficiary under this provision. The non-disputing party has five Business Days from the receipt of the Valuation Dispute Notice to agree with the disputing party's valuation or provide its own reasonable valuation of the specific Assets in dispute (the "Asset Response"). During no more than four Business Days after the Asset Response, the parties to the dispute will continue to work to resolve the disagreement, failing which they shall disclose to each other their final and last best proposal ("Proposal" as hereinafter defined) no later than the end of such four Business Day period. For purposes hereof, a "Proposal" of a party to the dispute shall consist of the valuation correction and related information supporting the valuation correction. If no resolution of disagreements is reached on or prior to the Business Day following such four Business Days, the parties to the dispute will on such next following Business Day submit their final and last best Proposal (previously disclosed to the other party as provided above) to arbitration by a major independent securities valuation firm, the identity of which shall be mutually agreed, and the parties to the dispute will abide by the result of such arbitration, which arbitration process shall require the arbitrator to select one of the two final and last best Proposals and to render its opinion regarding the reasonableness of the parties' actions for purposes of the next sentence. The cost of such arbitration shall be borne by the party who delivered the Valuation Dispute Notice if it rejects a reasonable Asset Response and otherwise the cost shall be shared equally by the Beneficiary and Grantor. To the extent feasible, and at the joint written direction of the Grantor and the Beneficiary, the Trustee shall adopt the valuation methodology underlying the valuation adopted in arbitration or agreed to by the Beneficiary and the Grantor.

Pending resolution of any dispute with respect to valuation of Assets, the Grantor and Beneficiary will continue to follow the requirements of this Agreement based on the Trustee's Valuation Report as submitted. Upon resolution of any dispute regarding the valuation, the Trustee will take the action hereunder that it would otherwise have been required to take, if any.

(e) In order to secure the timely and complete payment and performance of each and all of the Grantor's Obligations, the Grantor hereby grants to the Trustee as agent of and as secured party for the exclusive benefit of the Beneficiary, a security interest in the Grantor's right, title and interest in the Security Trust Account and the Assets. The Trustee, as

entitlement holder for the benefit of the Beneficiary of all rights associated with the Assets and the Security Trust Account, shall have control of the Assets and Security Trust Account for the purpose of perfecting the interest granted hereby and shall issue entitlement orders to the Securities Intermediary as instructed by the Grantor and the Beneficiary in accordance with the terms of this Agreement. The Grantor hereby authorizes the Beneficiary to file or to instruct the Trustee to file UCC-1 Financing Statements with respect to the Security Trust Account and the Assets for which such a financing statement is appropriate, and hereby appoints the Beneficiary as attorney-in-fact for the purpose of signing Grantor's name on any such financing statements. The Trustee shall, at the written direction of the Beneficiary, file the completed UCC-1 Financing Statements delivered to the Trustee by the Beneficiary with respect to the Security Trust Account and the Assets.

Section 2. Withdrawal of Assets from the Security Trust Account.

(a) The Beneficiary shall have the right to withdraw from the Security Trust Account an amount not to exceed Obligations which the Grantor has failed to pay when due under the CLIC Reinsurance Agreement, by providing a notice (the "Withdrawal Notice") to the Trustee, with a copy to the Grantor, (i) specifying the amount or Assets to be withdrawn, and (ii) stating that such withdrawal is reasonably necessary to pay, or reimburse Beneficiary for payment of, amounts that constitute Obligations under the CLIC Reinsurance Agreement which the Grantor has failed to pay when due. The Withdrawal Notice shall be signed by an authorized signatory of the Beneficiary as specified on Exhibit B hereto. Such Withdrawal Notice shall be effective, and shall be honored by the Trustee, on the tenth (10th) Business Day after receipt by the Trustee.

(b) The Grantor shall have the right following three (3) Business Days written notice to the Beneficiary and Trustee (a "Claims Notice") to request withdrawal of such Assets or amounts from the Security Trust Account (i) at any time to be transferred to the Reserve Trust Account, (ii) to pay the premium due with respect to the AE Treaty, (iii) at any time to pay expenses related to the Security Trust Account and the Reserve Trust Account and (iv) to make payments when due of the DAC Tax Amount. The Claims Notice shall specify the purpose for which the withdrawal is being made. The Trustee shall treat each Claims Notice as a direction of the Beneficiary to withdraw the amount of Assets indicated thereby from the Security Trust Account. The Trustee shall deliver such amount or Assets or the proceeds thereof, to the Reserve Trust Account in the case of withdrawals under clause (i), to a reinsurer under the AE Treaty, as designated by Grantor, or to pay expenses of the Trustee, in the case of withdrawals under clause (iv).

(c) Additionally, at any time and from time to time on or after January 1, 2006 the Grantor shall have the right to request withdrawals from the Security Trust Account by providing written notice to the Trustee of such request (an "Excess Withdrawal Notice"), with a copy to the Beneficiary, of such Assets or amounts as are specified in such Excess Withdrawal Notice so long as after such withdrawal (1) the amount equal to (A) the sum of (x) the total assets in the Reserve Trust Account as set forth on the most recent Valuation Report

thereof plus (y) the total Assets in the Security Trust Account as set forth on the most recent Valuation Report thereof divided by (B) the Reserve Amount for the most recent calendar quarter, is not less than the minimum Q(t) (as defined in the Credit Support Formula) and (2) the Grantor is otherwise in compliance with the Credit Support Formula as set forth in the most recent Credit Support Report. The Excess Withdrawal Notice shall include Grantor's representation that after such withdrawal the Grantor is in compliance with the requirements of the Credit Support Formula as set forth in the preceding sentence. The Excess Withdrawal Notice shall be deemed to have been approved, unless the Beneficiary shall indicate in writing to the Grantor and the Trustee that it desires to contest the Grantor's statement as to compliance with the Credit Support Formula within ten (10) Business Days following the receipt by the Beneficiary of the Excess Withdrawal Notice setting forth Grantor's request. The Beneficiary agrees that the Grantor shall deliver to the Trustee written notice of such approval if no such disapproval shall have been received by the Grantor and the Trustee within such ten Business Day period. In addition, if excess Letter of Credit proceeds are deposited into the Security Trust Account and the Grantor is entitled to withdraw such excess in accordance with the Credit Support Memorandum, the Beneficiary shall deliver to the Trustee written notice of the Grantor's right to withdraw and the Grantor may withdraw such excess by delivering written notice to the Trustee ("Excess LOC Withdrawal Notice").

(d) Following receipt from the Beneficiary or the Grantor (as the case may be) of a Withdrawal Notice, a Claims Notice, an Excess Withdrawal Notice or an Excess LOC Withdrawal Notice, and in accordance with Section 2(a), (b) or (c) as applicable, the Trustee shall promptly take any and all steps necessary to transfer, absolutely and unequivocally, all right, title and interest to the Assets or amounts specified in such Withdrawal Notice, Claims Notice, Excess Withdrawal Notice or Excess LOC Withdrawal Notice and shall deliver such Assets or amounts as specified in such Withdrawal Notice, Claims Notice, Excess Withdrawal Notice or Excess LOC Withdrawal Notice. The Trustee shall be protected in relying conclusively upon any written demand, instruction, direction, acknowledgment, statement, notice, resolution, request, consent, order, certificate, report, appraisal, opinion, telegram, cablegram, facsimile, radiogram, letter, or other communication (collectively, "Communications") of the Beneficiary or the Grantor for any such withdrawal that on its face conforms to requirements of this Agreement. The Beneficiary or the Grantor, as the case may be, shall execute a receipt evidencing the delivery of Assets or amounts when required in the normal and customary transaction of the business of banking.

(e) Any amounts withdrawn by the Beneficiary from the Security Trust Account shall be deposited directly into the Reserve Trust Account.

(f) Subject to Sections 2(a), 2(b), 2(c), 2(h) and 3 of this Agreement, in the absence of a Withdrawal Notice, Claims Notice, Excess Withdrawal Notice or Excess LOC Withdrawal Notice, the Trustee shall allow no substitutions or withdrawals of any Asset from the Security Trust Account.

(g) Without limiting any other provision of this Agreement, the Trustee shall have no responsibility whatsoever to determine that any Assets withdrawn from the Security Trust Account pursuant to this Section 2 will be used and applied in the manner contemplated by this Agreement.

(h) Subject to the terms of this Agreement, at the time any amount becomes payable or Asset becomes transferable by the Trustee from the Security Trust Account, such payment or transfer shall be effected in accordance with the Grantor's written instructions contained in a Claims Notice, Excess Withdrawal Notice or Excess LOC Withdrawal Notice, or if no such instructions are received by the Trustee at least 24 hours prior to the time set for such payment or transfer or a Withdrawal Notice is received from the Beneficiary, as follows: (i) first from any cash in the Security Trust Account; (ii) then, from the proceeds of the sale by the Trustee of any or all of the debt obligations in the Security Trust Account (commencing with those obligations closest in maturity to the date in question); (iii) then, from any other Assets in the Security Trust Account.

Section 3. Redemption, Investment and Substitution of Assets.

(a) The Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the proceeds of any such payment to the Security Trust Account.

(b) For purposes of this paragraph (i) "Substitute Assets" means Eligible Securities owned by the Grantor or held by the Trustee under the Reserve Trust Account and identified in a Substitution notice; (ii) "Current Assets" means Assets identified in the same Substitution notice that are held by the Trustee in the Security Trust Account at the time of a Substitution; (iii) "Substitution" means the act of simultaneously (that is, on the same day and by the same Substitution notice) depositing Substitute Assets and withdrawing Current Assets; (iv) "Substitution Notice" means a request for Substitution that identifies specific Substitute and Current Assets to be Substituted, warrants that the current fair market value of the Substitute Assets is not less than the current fair market value of the Current Assets, and sets forth the status of the proposed Substitution under each of the Approval Triggers as defined in paragraph (1) below; (v) "Substitution Dispute" means a dispute between the Grantor and the Beneficiary as to whether a proposed Substitution qualifies under any one or more of the criteria specified below that is initiated by notice from the Beneficiary to the Grantor and the Trustee; and (vi) "Substitution Dispute Notice" means the Beneficiary's notice of Substitution Dispute delivered to the Trustee and Grantor.

From time to time, so long as no Substitution Dispute is awaiting resolution with respect to either the Reserve Trust Account or the Security Trust Account, the Grantor may deliver a Substitution Notice to the Trustee and the Beneficiary to request a Substitution, subject to the following procedures:

(i) The following procedures apply to Substitutions not involving Substitute Assets that are held by the Trustee under the Reserve Trust Agreement:

The "Approval Triggers" for each proposed Substitution are as follows, based on the fair market value of Current Assets as reported in the last Valuation Report, and for triggers (II) and (III) cumulatively for Substitutions in both the Reserve Trust Account and the Security Trust Account: (I) \$50 million in a single proposed Substitution, (II) \$75 million aggregate in all proposed Substitutions pending on the day a Substitution Notice is delivered, and (III) \$150 million aggregate in completed and pending Substitutions in each calendar quarter; pending means a Substitution Notice was delivered but the Substitution has either not yet been effected or it has been effected subject to reversal, and is inclusive of the current proposed Substitution.

(A) If a proposed substitution is for an amount that does not exceed any of the Approval Triggers, the Trustee shall effect the proposed Substitution unless there is a currently pending Substitution Dispute. If, within five (5) Business Days following receipt of a Substitution Notice proposing such a Substitution, the Beneficiary delivers a Substitution Dispute Notice, the amount withdrawn that is in dispute shall be redeposited (or if the Substitution has not yet been effected it shall not be effected).

(B) If a proposed Substitution exceeds Approval Trigger (I) or (II) but does not exceed Approval Trigger (III), then the Substitution shall be effected by the Trustee on the sixth Business Day after receipt of the Substitution Notice unless the Beneficiary, prior thereto, has delivered a Substitution Dispute Notice, in which case the Substitution shall be limited to the amount not in dispute.

(C) If a proposed Substitution is for an amount that exceeds Approval Trigger (III), it shall not be effected unless the Beneficiary determines, in its reasonable discretion, that the current fair market value of the Substitute Assets is not less than the current fair market value of the Current Assets. The Beneficiary will use its best efforts to make such determination expeditiously, depending on the availability of information about the investments, and promptly to notify the Grantor of the time involved.

(D) For situations in which valuation information is difficult to obtain from independent sources, the Beneficiary shall promptly provide the Grantor notice of the additional time the Beneficiary needs to review a requested Substitution, and the Grantor will not be unreasonable in extending any applicable response period.

(ii) For Substitutions involving Substitute Assets held by the Trustee under this Security Trust Agreement, only the procedures set forth in clauses (i)(1)(C) and (i)(1)(D) above shall apply, regardless of the value of the Current Assets, and no more than one such Substitution shall be effected in any month.

(iii) In connection with a Substitution hereunder, if the Beneficiary's failure to timely object to such Substitution is a deemed approval of such Substitution, then the Beneficiary agrees that, upon the expiration of the period within which it may object, the Grantor shall deliver to the Trustee written notice of the Beneficiary's approval if no required written disapproval is received by the Grantor prior to the expiration of such period.

(iv) A Substitution Dispute shall be resolved by the arbitration mechanism in Section 1(e).

(v) Except as set forth in Section 1(e), the Trustee shall have no responsibility whatsoever to determine the value of Current Assets or Substitute Assets, or that Substitute Assets constitute Eligible Securities, or to determine if any proposed Substitution is for an amount in excess of any applicable Approval Trigger.

(c) From time to time the Grantor may direct the Trustee in writing (an "Investment Order") to invest or reinvest cash or Eligible Securities held in the Security Trust Account in accordance with the Investment Policies set forth in Exhibit A. The Grantor agrees that all investments and substitutions of securities referred to in this paragraph and paragraph (b) of this Section 3 shall be and remain in compliance with the relevant limitations of the applicable insurance laws and the Investment Policies set forth in Exhibit A. The Trustee shall have no responsibility whatsoever to determine that any Assets in the Security Trust Account are or continue to be Eligible Securities. The Trustee, based upon Investment Orders from the Grantor or its designee, shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker retained by the Grantor. The Trustee shall not be responsible for any act, error or omission, or for the solvency, of any investment manager, agent or broker unless such act, error or omission is the result, in whole or in part, of the Trustee's gross negligence, willful misconduct or lack of good faith. The Trustee shall not be responsible for any Loss (as herein defined) suffered by the Beneficiary or the Grantor due to the insolvency of the investment manager, agent or broker.

(d) The Trustee shall not be liable for any loss, liability, claim or damage paid or incurred ("Loss") by the Security Trust Account from any investment, reinvestment, liquidation or substitution pursuant to the terms of this Agreement other than a Loss due to the Trustee's own gross negligence, willful misconduct or lack of good faith. Without limiting any other provision herein, the Trustee shall not be liable for any Loss due to changes in market rates or penalties for early redemption or any other fees, taxes or changes.

Section 4. The Income Account.

All payments of interest and dividends in respect to Assets in the Security Trust Account shall be deposited by the Trustee in a separate custody ledger income account (the "Income Account") within the Security Trust Account established by the Grantor and maintained by the Trustee at an office of the Trustee in New York City. Any interest, dividend or

other income automatically credited on the payment date to the Income Account which is not subsequently received by the Trustee shall be reimbursed by the Grantor to the Trustee and the Trustee may debit the Income Account for this purpose. Pursuant to Section 7(a), the Trustee shall have the right to deduct its compensation and expenses from the Income Account, to the extent due and owing. Any Amounts contained in the Income Account are part of the Assets of the Security Trust Account and, as such, are subject to the terms and conditions of this Agreement with respect to the Assets.

Section 5. Right to Vote Assets.

The Trustee will transmit to the Grantor and or its designee upon receipt, and will instruct any entities authorized to hold Assets in accordance with the terms hereof to transmit to the Grantor upon receipt, all financial reports, stockholder communications, notices, proxies and proxy soliciting materials received from issuers of Assets, and all information relating to exchange or tender offers received from offerors with respect to such Assets. The Grantor and/or its designee shall have the full unqualified right to vote and execute consents and to exercise any and all proprietary rights not inconsistent with this Agreement with respect to any securities or other property forming a part of the Security Trust Account.

Section 6. Additional Rights and Duties of the Trustee.

(a) The Trustee shall, concurrent with delivery of each monthly Valuation Report, deliver a summary of account activity for the month just ended to the Grantor and the Beneficiary.

(b) Before accepting any Asset for deposit to the Security Trust Account, the Trustee shall determine that such Asset is in such form that the Beneficiary whenever necessary may, or the Trustee upon written direction by the Beneficiary may, negotiate such Asset without consent or signature from the Grantor or any other Person, other than a Depository and the Trustee in accordance with the terms of this Agreement.

(c) The Trustee may deposit any Assets in the Security Trust Account in a book-entry account maintained at a Federal Reserve Bank or in depositories such as The Depository Trust Company, the Participants Trust Company, Cedel, and Euroclear (the Federal Reserve Bank and such other depositories being referred to herein as "Depositories"). Assets may be held in the name of a nominee maintained by the Trustee or by any such Depositories.

(d) The Trustee shall accept and may open all mail directed to the Grantor or the Beneficiary in care of the Trustee. The Trustee shall forward all mail to the addressee whether or not opened.

(e) The Trustee shall keep full and complete records of the administration of the Security Trust Account. Upon the reasonable written request of the Grantor or the Beneficiary, the Trustee shall promptly permit the Grantor or the Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, at their

own expense, during the Trustee's normal business hours any books, documents, papers and records relating to the Security Trust Account or the Assets.

(f) The Trustee is authorized to follow and rely conclusively upon all Communications (including, without limitation, Investment Orders, Claims Notices, Withdrawal Notices and Termination Notices), given by officers, agents and/or employees named in letters and incumbency certificates furnished to the Trustee from time to time by the Grantor or the Beneficiary and by attorneys-in-fact acting under written authority furnished to the Trustee by the Grantor or the Beneficiary (collectively "Instructions") including Instructions given by letter or facsimile transmission or electronic media, if the Trustee reasonably believes such Instructions to be genuine and to have been signed, sent or presented by the proper party or parties. The Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good faith on such Instructions. The Trustee shall not incur any liability in executing Instructions prior to receipt by it of (i) notice of the revocation of the written authority of the individual(s) named therein or (ii) notice from any officer, agent or employee of the Grantor or the Beneficiary named in a letter or incumbency certificate delivered hereunder prior to receipt by it of a more current certificate.

(g) The duties and obligations of the Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended in accordance with the terms hereof, and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee shall be liable only for its own gross negligence, willful misconduct or bad faith. In no event shall the Trustee be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document contemplated by and given in accordance with this Agreement from the Grantor or the Beneficiary, (ii) for any consequential, punitive or special damages, (iii) for the acts or omissions of its nominees, unless the Trustee chose such person without due care, or (iv) for an amount in excess of the value of the Assets, valued as of the most recent valuation report.

(h) No provision of this Agreement shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law.

(i) The Trustee may confer with counsel of its selection in relation to matters arising under this Agreement and shall, upon demand, be indemnified and held harmless from and against any and all Losses by the Grantor hereunder for any actions taken, omitted or suffered by it in connection with this Agreement or under any transaction contemplated hereby in good faith without gross negligence or willful misconduct and in accordance with opinion of such counsel. The opinion of such law firm shall be full and complete authority and protection for the Trustee with respect to any action taken, suffered or omitted by it in good faith and in accordance with the opinion of such law firm.

(j) Subject to the requirement of good faith, reasonableness and the lack of gross negligence or willful misconduct, the Trustee shall be protected in acting upon any

Communications (including, without limitation, any Investment Order or Instructions) reasonably believed by the Trustee to be genuine and to have been signed, sent or presented by the proper party or parties. All notices to the Trustee (unless otherwise provided therein) shall be deemed to be effective when actually received by a responsible officer of the Trustee.

(k) Whenever, in the administration of the Security Trust Account created by this Agreement, the Trustee shall reasonably deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action thereunder, subject to the requirement of reasonableness, good faith and lack of gross negligence and willful misconduct, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement or certificate signed by or on behalf of the Grantor and/or the Beneficiary and delivered to the Trustee and such certificate shall be full warrant to the Trustee for any action taken, suffered or omitted by it on reliance thereon, subject to this paragraph, but in its discretion exercised in a reasonable manner, the Trustee may in lieu thereof accept other evidence of the fact or matter or may require such other or additional evidence as it may deem reasonable.

(l) Except when otherwise expressly provided in this Agreement and subject to the requirement of reasonableness, good faith and lack of negligence or willful misconduct, any Communications (including, without limitation, any Investment Order or Instructions) to be delivered or furnished by the Grantor or the Beneficiary shall be sufficient to be delivered or furnished in the name of the Grantor or the Beneficiary by such officer or officers of the Grantor or the Beneficiary as may be designated in a certificate, resolution or letter of advice by such party. Written notice of such designation by the Grantor or the Beneficiary shall be filed with the Trustee. The Trustee shall be protected in acting upon any Communications (including, without limitation, any Investment Order or Instruction) made by such officer or agent of the Grantor or the Beneficiary with respect to the authority conferred on it.

(m) Notwithstanding anything to the contrary provided herein, the Trustee is not responsible for any Losses resulting from reasons or causes beyond its control, including without limitation, nationalization, expropriation, currency restrictions, acts of war, terrorism, insurrection, revolution, civil unrest, riots or strikes, nuclear fusion or fission or acts of God.

(n) The Parties acknowledge that nothing in this Agreement shall obligate the Trustee to extend credit, grant financial accommodation or otherwise advance moneys for the purpose of making any payments or part thereof or otherwise carrying out any Instructions, including, without limitation, any Investment Order.

(o) In the event of any reasonable ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Trustee hereunder, the Trustee may, in its reasonable discretion, refrain from taking any action other than retain possession of the Assets, unless the Trustee receives written instructions, signed by the Grantor and the Beneficiary, which eliminate such ambiguity or uncertainty. In the event of any dispute between or conflicting claims by or among the Grantor and the Beneficiary and/or any other per-

son or entity with respect to any Assets, the Trustee shall be entitled, in its reasonable discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Assets, so long as such dispute or conflict shall continue, and the Trustee shall not be or become liable in any way for such failure or refusal to comply with such conflicting claims, demands or instructions. The Trustee shall be entitled to refuse to act until, in its reasonable discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Trustee or (ii) the Trustee shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses which it may incur by reason of so acting. The Trustee may, in addition, elect, in its reasonable discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, if necessary. The costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of, the Grantor.

(p) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, provided that the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(q) The Securities Intermediary agrees that it will comply with entitlement orders issued by the Trustee in accordance with the terms of this Agreement, and that such compliance is not subject to any conditions, qualifications or further consents.

(r) The Securities Intermediary hereby waives any right of counterclaim, bankers lien, liens or perfection rights as securities intermediary with respect to the Assets, the proceeds thereof and the ~~Reserve~~ Trust Account.

Section 7. The Trustee's Compensation, Expenses and Indemnification.

(a) The Grantor, upon receipt of an invoice from the Trustee to the Grantor and without offset to the Beneficiary's interest, (i) shall pay the Trustee, as compensation for its services under this Agreement, a fee computed at rates determined by the Trustee from time to time and communicated in writing to the Grantor and (ii) shall pay or reimburse the Trustee for all of the Trustee's expenses and disbursements in connection with its duties under this Agreement (including reasonable attorneys' fees and expenses and reasonable accounting and consulting fees and expenses), except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct or lack of good faith. The Trustee shall be entitled to deduct its compensation and expenses from payments of dividends and interest in respect of the Assets held in the Income Account as provided in Section 4 of this Agreement.

(b) The Grantor hereby indemnifies the Trustee for, and holds it harmless against, any Losses (including reasonable attorneys' fees and expenses and reasonable consult-

ing and accountants' fees and expenses) incurred or paid (other than as a result of the Trustee's gross negligence, willful misconduct or lack of good faith), arising out of or in connection with the performance of its duties and obligations under this Agreement, including without limitation any Loss arising out of or in connection with the status of the Trustee in connection with the performance of its duties and any nominee as the holder of record of any or all of the Assets. The Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation of the Trustee or the termination of this Agreement.

(c) No Assets shall be withdrawn from the Security Trust Account or used in any manner for paying compensation to, or reimbursement or indemnification of, the Trustee.

(d) The Trustee hereby waives any and all rights of offset, counterclaim and recoupment against the Beneficiary and Security Trust Account, and waives any lien (statutory or otherwise) that it may assert against the Security Trust Account.

Section 8. Resignation of the Trustee.

(a) The Trustee may resign at any time by giving not less than 90 days' written notice thereof to the Beneficiary and to the Grantor, such resignation to become effective on the acceptance of appointment by a successor trustee and the transfer to such successor trustee of all Assets in the Security Trust Account in accordance with paragraph (b) of this Section 8. The Grantor and the Beneficiary jointly also may remove the Trustee at any time, without assigning any reason therefore, on fifteen (15) days' prior written notice thereof to the Trustee.

(b) Upon receipt of the Trustee's notice of resignation or notice to the Trustee of removal, the Grantor and the Beneficiary shall promptly appoint a successor trustee. Any successor trustee shall be a bank that is a member of the Federal Reserve System or chartered in the State of New York and shall not be a parent, a subsidiary or an affiliate of the Grantor or the Beneficiary. If a successor Trustee has not accepted such appointment within 30 days after the notice of resignation or removal, the Trustee may, in its sole discretion, apply at the expense of the Grantor to a court of competent jurisdiction for the appointment of a successor Trustee or for other appropriate relief. The costs and expenses (including reasonable attorney's fees and expenses) incurred by the Trustee in connection with such proceeding shall be paid by, and be deemed an obligation of, the Grantor. Upon the acceptance of the appointment as trustee hereunder by a successor trustee, such successor trustee shall succeed to and become vested with all the rights, powers, privileges and duties of the Trustee, and the Trustee shall be discharged from any future duties and obligations under this Agreement, but the Trustee shall continue after its resignation to be entitled to the benefits of the indemnities provided herein for a Trustee.

Section 9. Termination of the Security Trust Account.

(a) The Security Trust Account and this Agreement, except for the indemnities provided herein, which shall survive termination, may be terminated, other than pursuant to an

order of a court having jurisdiction, only after (i) the Grantor has given the Trustee written notice of its intention to terminate the Security Trust Account (the "Notice of Intention"), and (ii) the Trustee has given the Beneficiary the written notice specified in paragraph (b) of this Section 9. The Notice of Intention shall specify the date on which the notifying party intends the Security Trust Account to terminate (the "Proposed Date").

(b) Within ten (10) Business Days following receipt by the Trustee of the Notice of Intention, the Trustee shall give written notification (the "Termination Notice") to the Beneficiary and the Grantor of the date (the "Termination Date") on which the Security Trust Account shall terminate. The Termination Date shall be (a) the Proposed Date (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is at least 30 days but no more than 45 days subsequent to the date the Termination Notice is given; (b) 30 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is less than 30 days subsequent to the date the Termination Notice is given; or (c) 45 days subsequent to the date the Termination Notice is given (or if not a Business Day, the next Business Day thereafter), if the Proposed Date is more than 45 days subsequent to the date the Termination Notice is given.

(c) On the Termination Date, after satisfaction of any outstanding Withdrawal Notices, or deduction of amounts required to satisfy any outstanding disputed Withdrawal Notices, and upon receipt of certification of the Grantor that the Grantor has no further obligation to maintain the Security Trust Account the Trustee shall transfer any Assets remaining in the Security Trust Account to the Grantor, at which time all duties and obligations of the Trustee with respect to such Assets shall cease.

Section 10. Definitions.

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both such forms of such term are used in this Agreement):

The term "AE Treaty" shall have the meaning specified in the Credit Support Memorandum (as defined in the Credit Support Agreement).

The term "Agreement" shall mean this Security Trust Agreement by and among Centre Life Insurance Company and Equitable Life Assurance Society of the United States and the Bank of New York.

The term "Asset Response" shall have the meaning specified in Section 1(e).

The term "Assets" shall have the meaning specified in Section 1(b).

The term "Beneficiary" shall mean The Equitable Life Assurance Society of the United States.

The term "Business Day" shall mean any day on which the offices of the Trustee in New York are open for business and shall refer to a full business day.

The term "Claims Notice" shall have the meaning specified in Section 2(b).

The term "CLIC Reinsurance Agreement" shall mean the reinsurance agreement, dated as of July 1, 2000, by and between the Grantor and the Beneficiary, whereby the Grantor, as reinsurer, has agreed to reinsure a certain book of the individual disability income insurance business of the Beneficiary as cedant.

The term "Communications" shall have the meaning specified in Section 2(c).

The term "Credit Support Agreement" shall mean the credit support agreement between the Grantor and the Beneficiary dated the date hereof.

The "Credit Support Formula" shall mean the formula set forth in Exhibit A to the Credit Support Memorandum (which is attached as Exhibit A to the Credit Support Agreement).

"Credit Support Report" shall have the meaning specified in the Credit Support Agreement.

The term "DAC Tax Amount" shall mean the amount equal to Grantor's increase in federal income tax liability for taxable year 2000 which is solely attributable to the treatment of the Initial Reinsurance Premium (as that term is defined in the CLIC Reinsurance Agreement) as "Net Positive Consideration" pursuant to Section 848 of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

The term "Depositories" shall have the meaning specified in Section 6(c).

The term "Eligible Securities" shall mean and include any and all securities and other investments that are permitted under applicable New York insurance law as admitted assets in the preparation of the annual statement filed by the Grantor, other than real estate and foreign investments, and permitted pursuant to the Investment Policies attached hereto as Exhibit A.

"Excess LOC Withdrawal Notice" shall have the meaning specified in Section 2(c).

"Excess Withdrawal Notice" shall have the meaning specified in Section 2(c).

The term "Grantor" shall mean Centre Life Insurance Company.

The term "Income Account" shall have the meaning specified in Section 4(a).

The term "Instructions" shall have the meaning specified in Section 6(f).

The term "Investment Orders" shall have the meaning specified in Section 3(b).

The term "Letters of Credit" shall mean one or more irrevocable standby letters of credit guaranteeing the Grantor's obligations to the Beneficiary under the CLIC Reinsurance Agreement which is issued by a major national or international commercial bank with a senior unsecured debt rating of "A+ / A1" or better and Tier 1 Capital (common stockholders equity, plus qualifying, noncumulative, perpetual preferred stock, plus minority interests in equity accounts) at least five (5) times the amount of the letters of credit obtained from such bank.

The term "Loss" shall have the meaning specified in Section 3(d).

The term "Net Premiums" shall have the meaning ascribed thereto in the CLIC Reinsurance Agreement.

The term "Notice of Intention" shall have the meaning specified in Section 9(a).

The term "Obligations" shall mean, with respect to the CLIC Reinsurance Agreement, any and all amounts due and payable to the Beneficiary as defined and explicitly set forth in the CLIC Reinsurance Agreement.

The term "Person" shall mean and include an individual, a corporation, a limited liability company, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

The term "Proposal" shall have the meaning specified in Section 1(e).

The term "Proposed Date" shall have the meaning specified in Section 9(a).

The term "Reserve Amount" shall mean the amount of gross reserves and other liabilities or contra assets attributable to the liabilities of the Grantor under the CLIC Reinsurance Agreement, calculated each calendar quarter in accordance with generally accepted accounting principles in the United States as reflected in CLIC's financial statements.

The term "Reserve Trust Account" shall mean the trust account established pursuant to the Reserve Trust Agreement.

The term "Reserve Trust Agreement" shall mean the Reserve Trust Agreement, dated the date hereof by and among the Grantor, the Beneficiary and The Bank of New York, as Trustee.

The term "Security Trust Account" shall mean the trust account established pursuant to this Agreement.

The term "Substitute Assets" shall have the meaning specified in Section 3(b).

The term "Substitution" shall have the meaning specified in Section 3(b).

3(b). The term "Substitution Dispute" shall have the meaning specified in Section

The term "Termination Date" shall have the meaning specified in Section 9(b).

The term "Termination Notice" shall have the meaning specified in Section 9(b).

The term "Trustee" shall mean The Bank of New York.

The term "Valuation Dispute Notice" shall have the meaning specified in Section 1(e).

The term "Valuation Report" shall have the meaning specified in Section 1(d).

The term "Withdrawal Notice" shall have the meaning specified in Section 2(a).

Section 11. Governing Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

Section 12. Successors and Assigns.

No Party may assign this Agreement or any of its obligations hereunder without the prior written consent of the other Parties; provided, however, that this Agreement shall inure to the benefit of and bind those who, by operation of law, become successors to the Parties, including, without limitation, any liquidator, rehabilitator, receiver or conservator and any successor, merged or consolidated entity; and provided, further, that, in the case of the Trustee, the successor trustee is eligible to be a trustee under the terms hereof.

Section 13. Severability.

In the event that any provision of this Agreement shall be declared invalid or unenforceable by a court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

Section 14. Entire Agreement.

This Agreement constitutes the entire agreement among the Parties, and there are no understandings or agreements, conditions or qualifications regarding the obligations of the Trustee which are not fully expressed in this Agreement.

Section 15. Amendments.

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, only if such modification, amendment or waiver is in writing and signed by all of the Parties.

Section 16. Notices, etc.

Unless otherwise provided in this Agreement, all Communications (including, without limitation, any Investment Orders or Instructions) required or permitted to be given or made under the terms hereof shall be in writing and shall be deemed to have been duly given or made (a) (i) when delivered personally, (ii) when made or given by telecopier, or (iii) in the case of International Priority Mail (Federal Express), upon the expiration of three days after any Communication shall have been deposited in International Priority Mail (Federal Express) for transmission or upon receipt thereof, whichever shall first occur and (b) when addressed as follows:

To the Grantor:

Centre Life Insurance Company
One Chase Manhattan Plaza
New York, NY 10005
Attention: President

with a copy to:

Zurich Centre Group
One Chase Manhattan Plaza
New York, NY 10005
Attention: General Counsel

To the Beneficiary:

The Equitable Life Assurance Society of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: Chief Actuary

with a copy to:

The Equitable Life Assurance Society of the United States
1290 Avenue of the Americas
New York, NY 10019
Attention: General Counsel

If to the Trustee:

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust and Escrow Unit

Each party may from time to time designate a different address for Communications (including, without limitation, Investment Orders) by giving written notice of such change to the other parties. All Communications relating to the Beneficiary's approval of the Grantor's authorization to substitute Assets and to the termination of the Security Trust Account shall be in writing.

Section 17. Headings.

The headings of the sections and the Table of Contents have been inserted for convenience of reference only, and shall not be deemed to constitute a part of this Agreement.

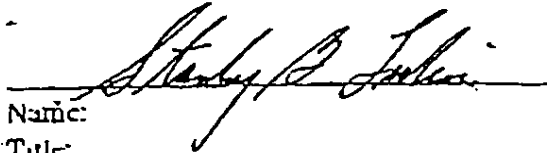
Section 18. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES

By


Name:
Title:

CENTRE LIFE INSURANCE COMPANY

By:

Name:
Title:

THE BANK OF NEW YORK, AS TRUSTEE

By

Name:
Title:

THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY

By:

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES**

By _____

Name:

Title:

CENTRE LIFE INSURANCE COMPANY

By: _____

Name: *Frank J. Pierson*

Title: *CEO*

THE BANK OF NEW YORK, AS TRUSTEE

By _____

Name:

Title:

**THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY**

By: _____

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.


**EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES**

By: _____
Name:
Title:

CENTRE LIFE INSURANCE COMPANY

By: _____
Name:
Title:

THE BANK OF NEW YORK, AS TRUSTER

By: 
Name: STEPHEN M. BRUCE
Title: ASSISTANT VICE PRESIDENT

**THE BANK OF NEW YORK, AS
SECURITIES INTERMEDIARY**


By: 
Name: STEPHEN M. BRUCE
Title: ASSISTANT VICE PRESIDENT

EXHIBIT A

Investment Policies

[See Attached]

CENTRE*Summary Of Fixed Income Investment Guidelines - ELAS Trust*

	Govt/Agency	AAA	AA	A	BBB	<BBB
Single Issuer	100%/25%	5%	5%	2.5%	2%	1%
Overall	100%/50%	100%	100%	80%	15%	5%
Industry (b)	100%/50%	20%	20%	15%	5%	1%
Maturity (d)	30	30	30	30	30	10
Accept Tranches						
- Senior	Y	Y	Y	Y	Y	Y
- Junior	Y	Y	Y	Y	Y	(a) Y
Market Makers (*)	2	2	2	2	2	2

(*) Minimum number of market makers to be queried for month-end pricing when appropriate and when available.

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Summary Of Equity Investment Guidelines - ELAS Trust

	AAA	AA	A	BBB
Single Issuer (c) (1)	5%	5%	3%	2%
Overall	(c)	(c)	(c)	(c)
Industry (b)	(c)	20%	(c)	(c)
Preferred	Y	Y	Y	Y
Acceptable	Y	Y	Y	N

(1) Single Issuer Limits by Credit Quality apply only if market capitalization is less than 1 billion USD.

Notes:

- (a) Only when senior debt is highly rated
- (b) For industry spread among multiple ratings, the limit is the weighted average
- (c) Combined limit for Equities and Fixed Income

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Summary Of Investment Guidelines

- The Investment objectives is to maximize total rate of return and maintain a duration target of the fixed income investments in the Reserve Trust, ("liability assets") are within 2 years of the liabilities subject to practical limits.
- All investments will be "Eligible Securities."
- At least 90% of the Trust assets will be "Acceptable" investments, as set forth in the table. "Acceptable" investments will include:
 - A. Publicly-traded debt obligations, subject to the credit quality and allocation restrictions, issued by the following or of the following nature:
 - government issues or agency instruments unconditionally guaranteed by such;
 - state or municipal government issues;
 - issues of supranational organizations in which the United States is a member;
 - corporations, commercial paper, and 144A issues;
 - mortgage-backed pass-through and collateralized mortgage obligations;
 - asset-backed securities, including collateralized bond, debt, and loan obligations;
 - and, commercial mortgage-backed securities.
 - B. Publicly traded equity listed on a major exchange, inclusive of preferred equity, subject to the credit quality and allocation restrictions and a maximum invested amount not to exceed twenty percent of the value of the Trust assets.
- A basket of 10% of the Trust assets can be instruments that don't meet the above "Acceptable" investments, (including unrated securities, private placements, preferred stocks below investment grade, and other alternative investments), but are subject to the definition of "Eligible Securities" as defined in the Trust Agreements.
- All investments will be in US\$ or swapped into US\$.
- Each publicly traded investment must be capable of being liquidated without significantly affecting its market price.
- Swaps, Options, and Derivatives to facilitate Asset-Liability Management may be employed subject to appropriate regulatory filings and required approvals, including but not limited to a Derivatives Use Plan that may be required by any regulatory authority having jurisdiction over the Reinsurer.

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INVESTMENT GUIDELINES:

Derivative Program for ALM

Name:

Derivatives used as hedges for Asset Liability Management.

Business Exposure Definition:

The adverse impact of movements in interest rates, currency exchange rates on the balance sheet and income statements as realized due to mismatches in duration, convexity, credit, etc.

Primary Program Purpose:

- (I) Protect the value of the Portfolios from movements in interest rates and currency exchange rates.
- (II) To achieve (I), CENTRE manages its Portfolios so that they are (within defined limits) duration and currency matched against the corresponding liabilities.
- (III) It is not always practical, possible or cost effective to achieve matching without using interest rate or currency derivatives.
- (IV) Derivative use will be guided by goal to reduce CENTRE net risk positions of or to better match the Portfolios with the corresponding liabilities.

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INVESTMENT GUIDELINES: Derivative Program for ALM

Exposure Measurement Methodology and Horizon:

Effectiveness measured by reduction in volatility of the NPV of the assets less liabilities. Interest Rate and Currency Risk exposure will be measured by the net effective exposure. Credit Risk exposure will be measured by maximum future expected exposures.

Applied to following Portfolios:

The portfolios of assets invested to meet policyholder obligations. (the "Portfolios").

Authorized Derivative Products:

Swaps, Forwards, Options, and Futures.

Valuation:

Mark to market values to be provided by at least two swap dealers.
Mark to market frequency will be consistent with Reserve and Security Trust Agreements

Counterparties:

As set forth in Zurich Risk Policies, counterparties to be restricted to those of high credit quality, i.e. A or higher.

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EXHIBIT B

Authorized Signatories of Beneficiary

Kevin Byrne

Uniform Commercial Code - FINANCING STATEMENT - Form UCC - 1
IMPORTANT - Read instructions before filling out form

This Financing Statement is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code.		No. of Additional Sheets Presented:	3. <input type="checkbox"/> The debtor is a transmitting utility.		
1. Debtor(s) (Last Name First) and Address(es): Centre Life Insurance Company One Chase Manhattan Plaza New York, New York 10005	2. Secured Party(ies) Name(s) and Address(es): The Bank of New York, as Agent for Equitable Life Assurance Society of the United States Insurance Trust & Escrow Unit 101 Barclay Street New York, New York 10286		4. For Filing Officer:		
5. This Financing Statement covers the following types (or items) of property: See rider attached hereto as Exhibit A <input checked="" type="checkbox"/> Products of the Collateral are also covered.		6. Assignee(s) of Secured Party and Address(es):			
7. <input type="checkbox"/> The described crops are growing or to be grown on: <input type="checkbox"/> The described goods are or are to be affixed to: <input type="checkbox"/> The lumber to be cut or minerals or the like (including oil and gas) is on: * (Describe Real Estate Below)		9. Name of Record Owner: The Bank of New York			
8. Describe Real Estate Here. <input type="checkbox"/> This statement is to be indexed in the Real Estate Records					
No. & Street	Town or City	County	Section	Block	Lot
10. This statement is filed without the debtor's signature to perfect a security interest in collateral (check appropriate box) <input checked="" type="checkbox"/> under a security agreement signed by debtor authorizing secured party to file this statement; or <input type="checkbox"/> which is proceeds of the original collateral described above in which a security interest was perfected; or <input type="checkbox"/> acquired after a change of name, identity or corporate structure of the debtor; or <input type="checkbox"/> as to which the filing has lapsed, or already subject to a security interest in another jurisdiction: <input type="checkbox"/> when the collateral was brought into the state; or <input type="checkbox"/> when the debtor's location was changed to this state.					
CENTRE LIFE INSURANCE COMPANY: Equitable Life Assurance Society, as attorney-in-fact for Centre Life Insurance Company					
By <u>[Signature]</u> Title: <u>Vice President</u>		By <u>[Signature]</u> Title: <u>S. VP + Chief Underwriter</u>			
STANDARD FORM - FORM UCC-1 - Approved by Secretary of State of New York					
4/30/97					

Rider to CLIC / Equitable UCC-1

The securities account maintained with the Bank of New York, as securities intermediary, and designated as the SecurityTrust Account pursuant to the SecurityTrust Agreement dated July , 2000, by and among Centre Life Insurance Company, as grantor and debtor, The Bank of New York, as Trustee and as secured party for the benefit and on behalf of Equitable Life Assurance Society, as beneficiary, and Equitable Life Assurance Society, as beneficiary; any and all investment property and financial assets credited to the above-described securities account, including, but not limited to, all entitlement rights therein and thereto; and all proceeds and products of the aforementioned collateral.

SURETY BOND, dated as of January 1, 2000, issued by Centre Solutions (U.S.) Limited, a company organized under the laws of Bermuda (together with its successors and permitted assigns, "Surety"), in favor of Centre Life Insurance Company, a company organized under the laws of the State of Massachusetts ("CLIC").

Surety is an Affiliate (capitalized terms are defined in Section 1 below) of CLIC. CLIC intends to enter into and become obligated under Covered Products. Surety and CLIC desire to maintain the financial condition of CLIC and to assist CLIC in meeting its payment obligations to Counterparties under Covered Products as set forth in this Surety Bond in order to facilitate CLIC's entering into Covered Products.

Accordingly, in consideration of \$100.00, receipt of which is hereby acknowledged by Surety, and the benefits accruing to Surety from CLIC's entering into and becoming obligated under Covered Products, the mutual promises contained in this Surety Bond and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surety and CLIC hereby unconditionally and irrevocably, but subject to the terms of this Surety Bond, agree as follows:

1. Definitions.

The following terms shall have the following meanings:

"Affiliate" with respect to a Person, means any other Person controlling, controlled by, or under common control with such Person.

"Counterparty" means any Person that is party to, or is entitled to payment or performance by CLIC under, any Covered Product, other than CLIC.

"Covered Product" means any of the following if issued or executed and delivered on or after January 1, 2000: any insurance, reinsurance, surety or derivative contract; any obligation to purchase, repurchase, deliver or sell securities; any obligation to post margin or collateral; any obligation to provide liquidity or otherwise provide funds to any other Person; any other product or instrument similar to any of the foregoing; and any other product or instrument identified as a "Covered Product" in a certificate executed by an authorized officer of Surety.

"Net Worth" means (1) the stockholders' equity determined in accordance with United States generally accepted accounting principles, less (2) goodwill, organizational expenses, non-complete agreements, licenses, patents and other like intangibles.

"Person" means any individual, partnership, limited liability company, corporation, trust, joint stock company, unincorporated organization, joint venture, association, company, business trust or any government or agency or political subdivision of a government.

2. Representation and Warranties. Surety represents and warrants that this Surety Bond has been duly authorized, executed and delivered by Surety and that this Surety Bond constitutes a valid and legally binding obligation of Surety enforceable against Surety in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3. Net Worth. If at any time the net worth of CLIC is less than the greater of (a) one million United States dollars (US\$1,000,000) or (b) the minimum Net Worth required in accordance with applicable insurance law and regulations, Surety will provide to CLIC on a timely basis sufficient funds to make up such shortfall. CLIC obligates itself to notify Surety when either (a) or (b) occur.

4. Liquidity Provision. If CLIC shall have insufficient funds to make any payment required under the terms of any Covered Product, Surety will provide on a timely basis the amount of funds that CLIC needs in order to meet such payment obligation. CLIC obligates itself to notify Surety when it has insufficient funds to make any such payment and the amount of such insufficiency.

5. Waiver of Subrogation. Except as otherwise provided in this Paragraph 5,

(a) Surety waives any and all rights that Surety may have against CLIC as a result of making any payment under this Surety Bond, including, without limitation, any right of subrogation, set off or counterclaim, and

(b) Surety understands and agrees that CLIC shall have no obligations to it as a result of any payment made by Surety to CLIC under this Surety Bond.

Notwithstanding the foregoing provisions of this Paragraph 5,

(i) CLIC shall not (1) pay any dividends respecting any of its equity interests, or (2) purchase, redeem or otherwise acquire for value, any of its equity interests, unless and until, in either case (1) or (2), it shall have paid in full all amounts received by CLIC from Surety pursuant to Paragraph 3 above, plus preferred dividends on such amounts equal to 6% per annum, compounded quarterly, based on a year of 365 days and the actual number of days elapsed;

(ii) CLIC shall pay to Surety an amount equal to all amounts received by it from Surety pursuant to Paragraph 4 above, plus interest on such amounts equal to 6% per annum, compounded quarterly, based on a year of 365 days and the actual number of days elapsed; provided, however, that the obligations of CLIC under this clause (ii) ("Subordinated Obligations") shall be subordinated to any and all other obligations (including insurance obligations) of CLIC ("Other Obligations") heretofore or hereafter existing, and no Subordinated Obligations shall be paid unless (x) all Other Obligations then due and payable shall have been paid and (y) no default or event of default under any Other Obligations shall have occurred and be then continuing; and

(iii) CLIC shall not make any payments under clause (i) of this Paragraph 5 unless and until it shall have paid all amounts referred to in clause (ii) of this Paragraph 5.

To the extent the creation or payment of any payment obligation under this Paragraph 5 requires the approval of or a filing with any governmental or regulatory authority, such payment obligation shall not come into force and no such payment shall be made unless and until such approval or filing shall have been obtained or made, as the case may be, and be in full force and

effect. The payment obligations of CLIC to Surety under this Paragraph 5 shall survive termination of this Surety Bond.

6. Non-Performance; Waivers. The failure by CLIC to perform its obligations under this Surety Bond, any Covered Product or any other agreement or instrument to which it is a party or by which it is bound shall not affect Surety's obligations under this Surety Bond. Surety waives any rights or defenses it may have as a result of any failure or delay on the part of CLIC in asserting or enforcing any of its rights or making any claims or demands under this Surety Bond.

7. Rights of Counterparties. Upon failure by CLIC to meet its payment obligations to any Counterparty in respect of any Covered Product, CLIC agrees, for the benefit of such Counterparty, that CLIC will enforce its rights against Surety under this Surety Bond, including but not limited to, Paragraphs 3 and 4 hereof. Promptly following receipt by CLIC from Surety of notice of any assignment by Surety under Paragraph 11, and of the counterpart of this Surety Bond referred to in such Paragraph, CLIC shall notify each Counterparty of such assignment and the identity, net worth and financial strength or debt rating of the assignee and deliver to each Counterparty a photocopy of such counterpart. CLIC acknowledges and agrees that each Counterparty shall be entitled, in addition to any other remedies that may be available to Counterparty, to seek damages, specific performance and injunctive or other equitable relief against CLIC as a remedy for any breach by CLIC of its agreements set forth in the first and second sentences of this Paragraph 7. To the extent of the rights of Counterparties against CLIC under this Paragraph 7, each Counterparty is an express third-party beneficiary of this Surety Bond with respect to such rights. Other than Counterparties with respect to their rights against CLIC set forth in this Paragraph 7 and other than the parties hereto, no Person shall have any rights, directly or indirectly, under or pursuant to this Surety Bond.

8. Nature of Obligations. Surety warrants and agrees that the payment obligations of Surety that may arise under this Surety Bond constitute unsecured and unsubordinated obligations of Surety and rank pari passu with all other unsecured and unsubordinated obligations of Surety.

9. Termination; Amendment; Certificate. This Surety Bond may be amended or terminated at any time by written amendment or agreement signed by the parties executing this Surety Bond; provided, however, that no such amendment shall be effective with respect to any Covered Product involving any Counterparty that did not receive notice of such amendment prior to the date of execution and delivery of such Covered Product by the parties thereto; and provided further that no such termination shall be effective with respect to any Covered Product involving any Counterparty that did not receive notice of such termination prior to the date of execution and delivery of such Covered Product by the parties thereto. At the request of CLIC, Surety shall deliver a certificate executed by its authorized officer stating or certifying that this Surety Bond has not been terminated as of the date of such certificate and that attached thereto is a true and correct copy of this Surety Bond as amended through the date of such certificate. Execution and delivery by Surety of any such certificate shall be conclusive evidence as to the accuracy of the statements and certifications made therein. Prior to this Surety Bond being terminated, CLIC shall notify in writing the Insurance Department of the State of Massachusetts.

10. Notices. All notices required or permitted to be given pursuant to this Surety Bond shall be given in writing in the English language, shall be transmitted by personal delivery, by

international courier, by registered or certified mail, return receipt requested, postage prepaid, or by telecopier or other electronic means (confirmed by telephone) and shall be addressed as follows:

If to Surety: Centre Solutions (U.S.) Limited
The Zurich Centre
90 Pitts Bay Road
Pembroke HM 08, Bermuda
Tel: 441 295-8501
Fax: 441 295-3705
Attention: President

If to CLIC: Centre Life Insurance Company
One Chase Manhattan Plaza
New York, New York 10005
Tel: 212-898-5353
Fax: 212-898-5453
Attention: President


If to the Counterparty: to its address as set forth in the agreement or instrument constituting the Covered Product.

Any party may designate a new address to which notices required or permitted to be given pursuant to this Surety Bond shall thereafter be transmitted by giving written notice to that effect to the other. Each notice transmitted in the manner described in this Paragraph shall be deemed to have been given, received or become effective for all purposes at the time it shall have been delivered to the addressee (if transmitted by mail or courier), at the time indicated in the affidavit of the messenger (if transmitted by personal delivery) or at the time of receipt of the telephonic confirmation (if transmitted by telecopier or other electronic means).

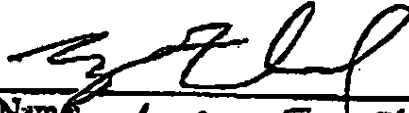
11. Assignment. Surety's rights and/or obligations hereunder may not be assigned to any other Person, except as follows: Surety's rights and obligations hereunder may be assigned in whole and not in part by Surety without the consent of CLIC or any Counterparty (or any other Person) (a) to any buyer of (i) at least 50% of the equity interests of Surety or (ii) all or substantially all of the assets of Surety, or (b) to any Affiliate of any such buyer, or (c) to any Person who is an Affiliate of Surety at the time of such assignment, if in the foregoing cases (a), (b) and (c) such buyer or Affiliate, as the case may be, has a Net Worth, and a financial strength or debt rating (from each national statistical rating organization that at the time of such assignment then rates Surety), not less than that of Surety at the time of such assignment. Upon such assignment, and upon notice to CLIC specifying the identity, Net Worth and financial strength or debt rating of the assignee and upon the assignee's execution and delivery to CLIC of a counterpart of this Surety Bond pursuant to which such assignee assumes all of Surety's rights and obligations under this Surety Bond and agrees to be bound by the terms hereof, Surety shall be released automatically from all obligations or liabilities hereunder. Any assignment by CLIC of any rights or obligations of CLIC hereunder without the prior written consent of Surety and each Counterparty shall be null and void and of no force or effect.

12. GOVERNING LAW: Counterparts. THIS SURETY BOND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT INsofar AS SUCH LAWS INCLUDE SECTION 6905 OF THE NEW YORK INSURANCE LAW OR REGULATIONS ISSUED PURSUANT THERETO. This instrument may be executed in counterparts and the executed counterparts shall together constitute one instrument. .? -'

CENTRE SOLUTIONS (U.S.) LIMITED

By 
Name: RICHARD WEECH
Title: VP

CENTRE LIFE INSURANCE COMPANY

By 
Name: LYNN FINKEL
Title: VICE PRESIDENT

AMENDED AND RESTATED SURETY BOND, dated as of January 1, 2000, issued by Centre Reinsurance (U.S.) Limited, a company organized under the laws of Bermuda (together with its successors and permitted assigns, "Surety"), in favor of Centre Life Insurance Company, a company organized under the laws of the State of Massachusetts ("CLIC").

Surety is an Affiliate (capitalized terms are defined in Section 1 below) of CLIC. CLIC intends to enter into and become obligated under Covered Products. Surety and CLIC desire to maintain the financial condition of CLIC and to assist CLIC in meeting its payment obligations to Counterparties under Covered Products as set forth in this Surety Bond in order to facilitate CLIC's entering into Covered Products.

Accordingly, in consideration of the premium paid pursuant to Paragraph 12 below and other benefits accruing to Surety from CLIC's entering into and becoming obligated under Covered Products, the mutual promises contained in this Surety Bond and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surety and CLIC hereby unconditionally and irrevocably, but subject to the terms of this Surety Bond, agree as follows:

1. Definitions.

The following terms shall have the following meanings:

"Affiliate" with respect to a Person, means any other Person controlling, controlled by, or under common control with such Person.

"Counterparty" means any Person that is party to, or is entitled to payment or performance by CLIC under, any Covered Product, other than CLIC.

"Covered Product" means any of the following if issued or executed and delivered on or after January 1, 2000: any insurance, reinsurance, surety or derivative contract; any obligation to purchase, repurchase, deliver or sell securities; any obligation to post margin or collateral; any obligation to provide liquidity or otherwise provide funds to any other Person; any other product or instrument similar to any of the foregoing; and any other product or instrument identified as a "Covered Product" in a certificate executed by an authorized officer of Surety.

"Net Worth" means (1) the stockholders' equity determined in accordance with United States generally accepted accounting principles, less (2) goodwill, organizational expenses, non-compete agreements, licenses, patents and other like intangibles.

"Person" means any individual, partnership, limited liability company, corporation, trust, joint stock company, unincorporated organization, joint venture, association, company, business trust or any government or agency or political subdivision of a government.

2. Representation and Warranties. Surety represents and warrants that this Surety Bond has been duly authorized, executed and delivered by Surety and that this Surety Bond constitutes a valid and legally binding obligation of Surety enforceable against Surety in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of

general applicability relating to or affecting creditors' rights and to general equity principles.

3. Net Worth. If at any time the net worth of CLIC is less than the greater of (a) one million United States dollars (US\$1,000,000) or (b) the minimum Net Worth required in accordance with applicable insurance law and regulations, Surety will provide to CLIC on a timely basis sufficient funds to make up such shortfall. CLIC obligates itself to notify Surety when either (a) or (b) occur.

4. Liquidity Provision. If CLIC shall have insufficient funds to make any payment required under the terms of any Covered Product, Surety will provide on a timely basis the amount of funds that CLIC needs in order to meet such payment obligation. CLIC obligates itself to notify Surety when it has insufficient funds to make any such payment and the amount of such insufficiency.

5. Waiver of Subrogation. Except as otherwise provided in this Paragraph 5,

(a) Surety waives any and all rights that Surety may have against CLIC as a result of making any payment under this Surety Bond, including, without limitation, any right of subrogation, set off or counterclaim, and

(b) Surety understands and agrees that CLIC shall have no obligations to it as a result of any payment made by Surety to CLIC under this Surety Bond.

Notwithstanding the foregoing provisions of this Paragraph 5,

(i) CLIC shall not (1) pay any dividends respecting any of its equity interests, or (2) purchase, redeem or otherwise acquire for value, any of its equity interests, unless and until, in either case (1) or (2), it shall have paid in full all amounts received by CLIC from Surety pursuant to Paragraph 3 above, plus preferred dividends on such amounts equal to 6% per annum, compounded quarterly, based on a year of 365 days and the actual number of days elapsed;

(ii) CLIC shall pay to Surety an amount equal to all amounts received by it from Surety pursuant to Paragraph 4 above, plus interest on such amounts equal to 6% per annum, compounded quarterly, based on a year of 365 days and the actual number of days elapsed; provided, however, that the obligations of CLIC under this clause (ii) ("Subordinated Obligations") shall be subordinated to any and all other obligations (including insurance obligations) of CLIC ("Other Obligations") heretofore or hereafter existing, and no Subordinated Obligations shall be paid unless (x) all Other Obligations then due and payable shall have been paid and (y) no default or event of default under any Other Obligations shall have occurred and be then continuing; and

(iii) CLIC shall not make any payments under clause (i) of this Paragraph 5 unless and until it shall have paid all amounts referred to in clause (ii) of this Paragraph 5.

To the extent the creation or payment of any payment obligation under this Paragraph 5 requires the approval of or a filing with any governmental or regulatory authority, such payment obligation shall not come into force and no such payment shall be made unless and until such

approval or filing shall have been obtained or made, as the case may be, and be in full force and effect. The payment obligations of CLIC to Surety under this Paragraph 5 shall survive termination of this Surety Bond.

6. Non-Performance; Waivers. The failure by CLIC to perform its obligations under this Surety Bond, any Covered Product or any other agreement or instrument to which it is a party or by which it is bound shall not affect Surety's obligations under this Surety Bond. Surety waives any rights or defenses it may have as a result of any failure or delay on the part of CLIC in asserting or enforcing any of its rights or making any claims or demands under this Surety Bond.

7. Rights of Counterparties. Upon failure by CLIC to meet its payment obligations to any Counterparty in respect of any Covered Product, CLIC agrees, for the benefit of such Counterparty, that CLIC will enforce its rights against Surety under this Surety Bond, including but not limited to, Paragraphs 3 and 4 hereof. Promptly following receipt by CLIC from Surety of notice of any assignment by Surety under Paragraph 11, and of the counterpart of this Surety Bond referred to in such Paragraph, CLIC shall notify each Counterparty of such assignment and the identity, net worth and financial strength or debt rating of the assignee and deliver to each Counterparty a photocopy of such counterpart. CLIC acknowledges and agrees that each Counterparty shall be entitled, in addition to any other remedies that may be available to Counterparty, to seek damages, specific performance and injunctive or other equitable relief against CLIC as a remedy for any breach by CLIC of its agreements set forth in the first and second sentences of this Paragraph 7. To the extent of the rights of Counterparties against CLIC under this Paragraph 7, each Counterparty is an express third-party beneficiary of this Surety Bond with respect to such rights. Other than Counterparties with respect to their rights against CLIC set forth in this Paragraph 7 and other than the parties hereto, no Person shall have any rights, directly or indirectly, under or pursuant to this Surety Bond.

8. Nature of Obligations. Surety warrants and agrees that the payment obligations of Surety that may arise under this Surety Bond constitute unsecured and unsubordinated obligations of Surety and rank pari passu with all other unsecured and unsubordinated obligations of Surety. Surety shall have no liability hereunder to the extent that, after giving effect to the receipt by CLIC of any amounts from any Affiliate of Surety pursuant to any surety bond, guaranty or other instrument received at or prior to such time, (i) the net worth of CLIC is at least the greater of (a) one million United States dollars (US\$1,000,000) or (b) the minimum Net Worth required in accordance with applicable insurance law and regulations, and (ii) CLIC shall have sufficient funds to make any payment required under the terms of any Covered Product.

9. Termination; Amendment; Certificate. This Surety Bond may be amended or terminated at any time by written amendment or agreement signed by the parties executing this Surety Bond; provided, however, that no such amendment shall be effective with respect to any Covered Product involving any Counterparty that did not receive notice of such amendment prior to the date of execution and delivery of such Covered Product by the parties thereto; and provided further that no such termination shall be effective with respect to any Covered Product involving any Counterparty that did not receive notice of such termination prior to the date of execution and delivery of such Covered Product by the parties thereto. This Surety Bond shall be effective and in full force and effect with respect to all Covered Products executed and delivered prior to the date of any termination pursuant to the terms hereof until such time as all such

new
5+8

Covered Products shall either no longer be outstanding or be satisfied in full. At the request of CLIC, Surety shall deliver a certificate executed by its authorized officer stating or certifying that this Surety Bond has not been terminated as of the date of such certificate and that attached thereto is a true and correct copy of this Surety Bond as amended through the date of such certificate. Execution and delivery by Surety of any such certificate shall be conclusive evidence as to the accuracy of the statements and certifications made therein. Prior to this Surety Bond being terminated, CLIC shall notify in writing the Insurance Department of the State of Massachusetts.

10. Notices. All notices required or permitted to be given pursuant to this Surety Bond shall be given in writing in the English language, shall be transmitted by personal delivery, by international courier, by registered or certified mail, return receipt requested, postage prepaid, or by telecopier or other electronic means (confirmed by telephone) and shall be addressed as follows:

If to Surety: Centre Reinsurance (U.S.) Limited
The Zurich Centre
90 Pitts Bay Road
Pembroke HM 08, Bermuda
Tel: 441 295-8501
Fax: 441 295-3705
Attention: President

If to CLIC: Centre Life Insurance Company
One Chase Manhattan Plaza
New York, NY 10005
Tel: 212-898-5353
Fax: 212-898-5453
Attention: President

If to the Counterparty: to its address as set forth in the agreement or instrument constituting the Covered Product.

Any party may designate a new address to which notices required or permitted to be given pursuant to this Surety Bond shall thereafter be transmitted by giving written notice to that effect to the other. Each notice transmitted in the manner described in this Paragraph shall be deemed to have been given, received or become effective for all purposes at the time it shall have been delivered to the addressee (if transmitted by mail or courier), at the time indicated in the affidavit of the messenger (if transmitted by personal delivery) or at the time of receipt of the telephonic confirmation (if transmitted by telecopier or other electronic means).

11. Assignment. Surety's rights and/or obligations hereunder may not be assigned to any other Person, except as follows: Surety's rights and obligations hereunder may be assigned in whole and not in part by Surety without the consent of CLIC or any Counterparty (or any other Person) (a) to any buyer of (i) at least 50% of the equity interests of CLIC or (ii) all or substantially all of the assets of CLIC, or (b) to any Affiliate of any such buyer, or (c) to any Person who is an Affiliate of CLIC at the time of such assignment, if in the foregoing cases (a), (b) and (c) such buyer or Affiliate, as the case may be, has a Net Worth, and a financial strength

or debt rating (from each national statistical rating organization that at the time of such assignment then rates Surety), not less than that of Surety at the time of such assignment. Upon such assignment, and upon notice to CLIC specifying the identity, Net Worth and financial strength or debt rating of the assignee and upon the assignee's execution and delivery to CLIC of a counterpart of this Surety Bond pursuant to which such assignee assumes all of Surety's rights and obligations under this Surety Bond and agrees to be bound by the terms hereof, Surety shall be released automatically from all obligations or liabilities hereunder. Any assignment by CLIC of any rights or obligations of CLIC hereunder without the prior written consent of Surety and each Counterparty shall be null and void and of no force or effect.

12. Premium. As consideration for Surety's agreements hereunder, CLIC shall pay Surety an Annual Premium ("AP") equal to the sum of (a) the Annual Expense Charge ("EC"), plus (2) the product of the Liquidity Charge ("LC") times the Exposure Amount ("EA"), and (3) the product of the Insurance Charge ("IC"), times the Exposure Base ("EB"), represented by the following formula:

$$\text{Annual Premium} = \text{EC} + (\text{LC} \times \text{EA}) + (\text{IC} \times \text{EB})$$

Where:

- Annual Expense Charge = for the year 2000 is equal to \$35,000.00. Any increase in the Annual Expense Charge, which can occur only once in any calendar year, will be mutually agreed upon by the parties hereto; provided however, that any such annual increase cannot exceed 10% of the prior year's charge.
- Liquidity Charge = is equal to the product of the highest loss rate for an "AAA" rated, or its equivalent, corporate bond as published by a NSRO, on the date of determination, times an anticipated recovery rate of 55%.
- Exposure Amount = is equal to the Net Worth of the Surety as of the date of determination reduced by the amount of its investment, if any, in CLIC.
- Insurance Charge = is equal to the product of the highest loss rate for an "A" rated, or its equivalent, corporate bond as published by a NSRO on the date of determination times an anticipated recovery rate of 55%.
- Exposure Base = is equal to the lesser of the Net Worth of the Surety and the Net Amount at Risk ("NAR"), in each case as of the date of determination. The NAR is equal to the Outstanding Limit of all Covered Products covered by this Surety Bond minus any premiums paid or payable in respect of such Covered Products minus any outstanding loss reserves. The Outstanding Limit of Covered Products equals the maximum probable loss which can be sustained by CLIC under Covered Products (determined after taking into account any risks, reserves, losses and/or premiums ceded by CLIC to third parties). If any risk, reserves or losses are

ceded to Surety or any of its subsidiaries by CLIC, the Net Worth of Surety (for purposes of this Paragraph 12) shall be decreased by the amount so ceded (without duplication).

The Annual Premium for any calendar year (the "Applicable Year") shall be payable on May 1 of the Applicable Year and shall be determined based on the determinants of the Annual Premium as of the December 31 of the year immediately preceding the Applicable Year. As soon as possible, but in no event later than May 1 of the year next following the Applicable Year, CLIC shall give notice to the Surety of the determinants of Annual Premium to the extent reflected in the statutory financial statements for the Applicable Year. The Annual Premium shall be adjusted based on such determinants for the Applicable Year, and a payment of additional premium by, or refund of premium to, CLIC, as the case may be, shall be made (together with interest thereon at the same rate as specified in Section 5(b)(ii) hereof) promptly after such notice of such amount is given by CLIC.

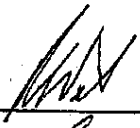
13. GOVERNING LAW; Counterparts. THIS SURETY BOND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT INsofar AS SUCH LAWS INCLUDE SECTION 6905 OF THE NEW YORK INSURANCE LAW OR REGULATIONS ISSUED PURSUANT THERETO. This instrument may be executed in counterparts and the executed counterparts shall together constitute one instrument.

CENTRE REINSURANCE (U.S.) LIMITED

By

Name:

Title:


RICHARD W. ECH
VP

CENTRE LIFE INSURANCE COMPANY

By

Name: Frank D. Pierson

Title: Chief Executive Officer

Amendment No. 1 to Amended and Restated Surety Bond

Reference is hereby made to the Amended and Restated Surety Bond, dated as of January 1, 2000, issued by Centre Reinsurance (U.S.) Limited in favor of Centre Life Insurance Company ("CLIC") (the "Surety Bond").

The Surety Bond is hereby amended by deleting Paragraph 12 in its entirety and replacing it with a new Paragraph 12 as follows:

"12. As consideration for Surety's agreements hereunder, CLIC shall pay Surety the following premium payments: (a) \$332,000, which relates to the period from the date that the Surety Bond was issued to CLIC through the date hereof and would be payable on or prior to December 31, 2004, and (b) \$300,000, which relates to all periods after the date hereof and would be payable on or prior to December 31, 2005. With the exception of the amounts specified in this paragraph, no other premium payments (whether with respect to any prior or future periods) will be payable by CLIC to Surety. Surety shall have no obligation to refund any premium payments."

This Amendment No. 1 shall be effective as of October 11, 2004. This Amendment No. 1 will be submitted by CLIC to the Massachusetts Department of Insurance (the "MADOI") for review and, if required, approval. The parties agree to amend this Amendment No. 1 to conform to any changes or modifications required by the MADOI, and in the event that the MADOI denies any required approval, this Amendment No. 1 shall be rescinded *ab initio* and the Surety Bond shall continue in effect without giving any effect to this Amendment No. 1.

Centre Life Insurance Company

By: Richard Grillo
president
Centre Reinsurance (US) Limited

By: Philip Thorne
Philip Thorne
President


ZURICH**GUARANTEE AGREEMENT**

Whereas, Centre Reinsurance (U.S.) Limited (the "Subsidiary") is majority owned by Zurich Insurance Company (the "Parent"); and

Whereas, the Parent desires the Subsidiary to be awarded ratings by Standard & Poor's (the "Rating"), enhanced on the basis of this Guarantee Agreement (the "Agreement") and belonging to the 'A+' range or higher; and

Whereas, the corporate interest of the Parent and the Subsidiary will be furthered by entering into this Agreement;

Now, therefore, the Parent agrees as follows:

1. GUARANTEE

The Parent unconditionally guarantees on behalf of and for the benefit of the Subsidiary, the full and prompt performance of all the Subsidiary's Payment Obligations arising under the terms of all insurance and reinsurance contracts issued by the Subsidiary ("Contracts"). For the avoidance of doubt in no event shall the Parent's liability hereunder exceed the liability of the Subsidiary under the Contracts. As used in this Agreement, "Payment Obligations" mean only those obligations arising under the terms of the Contracts which have been determined to be finally due and payable in accordance with the terms of the Contracts.

The owners of Contracts ("Contract Owners") are express third party beneficiaries of the rights of the Subsidiary under the terms of this Guarantee Agreement. This Guarantee Agreement is not, and nothing herein contained or done pursuant hereto by the Parent shall be deemed to constitute, a direct or other indirect guarantee by the Parent of the payment of any other debt or obligation, indebtedness or liability, of any kind or character whatsoever, of the Parent or the Subsidiary, except as provided in this article.

2. OBLIGATIONS UNCONDITIONAL

The obligations of the Parent under this Guarantee are unconditional irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge of a surety or guarantor, it being the intent of this Guarantee that the obligations of the Parent hereunder shall be absolute and unconditional under any circumstances and shall not be discharged except by payment.

The Parent, upon notice or demand in writing from Contract Owners, will promptly remit to the Contract Owner amounts due for payment to the Contract Owner, to the full extent that any such payment from the Subsidiary is finally determined to be due and payable under the Contracts and is not timely made by the Subsidiary. This Guarantee may be enforced by the Contract Owner without first resorting to any right or remedy against the Subsidiary other than the written request described immediately above.

As used in this Agreement, "prompt" or "promptly" and "timely" means, without request for extension, within thirty (30) days of Contract Owners demand for payment of amounts finally determined to be due and payable.

Notwithstanding anything to the contrary in the foregoing, it is understood that the Parent shall have no obligation to make any payment hereunder should the Subsidiary have no payment obligation under the terms of any Contract.

3. REINSTATEMENT

The Guarantee shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Subsidiary is rescinded or must be otherwise restored whether as result of any proceedings in bankruptcy, insolvency, reorganization, other similar laws or otherwise.

4. SUBROGATION

With respect to any Contract, the Parent hereby unconditionally agrees that until the payment and satisfaction in full of such Contract, it shall not exercise any right or remedy arising by reason of any performance by it of this Guarantee, whether by subrogation or otherwise, against the Subsidiary. Nothing in this clause or in this Guarantee shall prevent the Parent from exercising any remedies or rights in order to safeguard and/or otherwise preserve and/or maintain any such subrogation or other rights in all or in part.

5. REMEDIES

The Parent agrees that as to it on the one hand, and Contract Owners on the other hand, the Payment Obligations of the Subsidiary guaranteed hereunder may be declared to be forthwith due and payable as provided in the Contracts notwithstanding any stay provided for by any applicable laws regarding insolvency, bankruptcy, reorganization or similar concept, preventing such declaration as against the Subsidiary and that, in the event of any such declaration, such Payment Obligations shall forthwith become due and payable by the Parent, for purposes of this Guarantee.

6. PAYMENTS

All payments to be made by the Parent hereunder shall be made in full without deduction and in whatever currency called for in the underlying Contracts. If the Parent determines in good faith that by reason inter alia, of supervening national or international financial, political or economic conditions, currency availability or exchange control it is impracticable for the Parent to make such payments in the relevant currency (ies) in the ordinary course of business in the international interbank market, then such a payment shall be denominated in Euro.

The Parent shall act in a reasonable manner and in good faith to ensure that the owner of a Contract receives the amount of Euro necessary to purchase the amount of contractual currency due (taking into account the cost of exchanging the Euro into the contractual currency).

7. NO WAIVER

No failure on the part of the Parent to exercise, no delay in exercising, and no course of dealing with respect to, any right or remedy hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy hereunder preclude any other further exercise thereof or the exercise of any other right or remedy.

8. CONTINUING EFFECT : ASSIGNMENT

Without prejudice to article 9.2., this Guarantee is a continuing guarantee. It (i) shall apply to all Contracts issued by the Subsidiary, (ii) shall remain in full force and effect until payment in full of the Payment Obligations under Contracts, (iii) shall be binding upon the Guarantor, its successors and assigns, and (iv) shall inure to the benefit of, and be enforceable by the Subsidiary, its successors and assigns, and the Contract Owners, their successors and assigns under the terms of this Guarantee Agreement.

9. AMENDMENT, MODIFICATION OR TERMINATION

9.1. The Guarantee may not be amended, modified or terminated without the prior written consent of the parties hereto, except as may be required by applicable law and as to termination, except as provided for by article 9.2.

9.2. Whenever:

- (a) the Subsidiary receives a stand-alone Rating from Standard & Poor's in the 'A+' range or higher; or
- (b) the Subsidiary receives a Rating from Standard & Poor's in the 'A+' range or higher without the support of the present Agreement; or
- (c) the Subsidiary is sold to or integrated into or becomes a part of a group or an entity and as a consequence subsequently receives from Standard & Poor's a Rating in the 'A+' range or higher;

then, in each such case, this Agreement shall terminate automatically and definitively with effect on the date on which one (or more) of the above mentioned situations (a), (b) and (c) arise(s) and the Parent shall be released from all obligations and liabilities (including contingent and un-liquidated obligations) that it would otherwise have had under this Agreement, including those in relation to contractual obligations that were or are assumed by the Subsidiary both before and after such termination date.

For the avoidance of doubt, if the obligations or liability of Subsidiary under any Contract is transferred or assigned to or assumed by a third party under circumstances where Subsidiary no longer has any liability or obligation with respect to such Contract (such as would be the case in the event of a novation), such Contract shall no longer be covered or affected by the terms of this Agreement, which Agreement shall terminate with immediate effect with regard to such Contract upon such transfer, assignment or assumption, as the case may be.

10. GOVERNING LAW AND JURISDICTION

This Guarantee is a guarantee of payment and not of collection, and shall be governed by and construed in accordance with the laws of the State of New York.

The courts of the State of New York shall have exclusive jurisdiction to hear and decide any dispute under this Guarantee.

11. COUNTERPARTS

This Guarantee may be executed in any number of counterparts and each to such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Guarantee.

12. RANK

The obligations of the Parent under the terms of this Guarantee will rank equally with all other senior unsecured indebtedness of the Parent, whether now or hereafter outstanding, that is not contractually subordinated to such obligations.

13. RATING

Should Standard & Poor's discontinue its rating activity w.r.t. insurance and/or reinsurance companies, this agreement, and especially article 9.2. would be interpreted based on equivalent ratings awarded by another recognized international rating agency.

14. NOTICES

All notices required or permitted to be given pursuant to this Guarantee shall be given in writing in the English language, shall be transmitted by personal delivery, by international courier, by registered or certified mail, return receipt requested, postage prepaid, or by telecopier or other electronic means (confirmed by telephone) or by reputable international overnight courier, and shall be addressed as follows:

If to Parent:	Zurich Insurance Company Mytenquai 2 8002 Zürich Switzerland Attention: Rating Agency Manger Fax: ++ 41 625 3618
With a copy to:	General Counsel Fax: ++ 41 625 3497

If to the Subsidiary:	Centre Reinsurance (U.S.) Limited The Zurich Centre 90 Pitts Bay Road Pembroke HM 08, Bermuda Tel: 441 295-8501 Fax: 441 295-3705 Attention: President
-----------------------	--

With a copy to: Centre Group Holdings (U.S.) Limited
105 East 17th Street
New York, NY 10003
Attention: General Counsel
Tel: 212-871-1500
Telecopy: 212-871-1588


If to the Contract Owners: to its address as set forth in the Contract.

Any party may designate a new address to which notices required or permitted to be given pursuant to this Guarantee shall thereafter be transmitted by giving written notice to that effect to the other. Each notice transmitted in the manner described in this Article 14 shall be deemed to have been given, received or become effective for all purposes at the time it shall have been actually received.

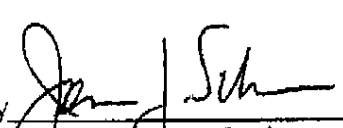
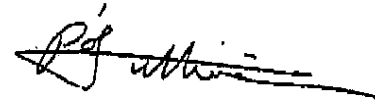
15. WAIVER OF JURY TRIAL

EACH OF THE PARTIES AND EACH CONTRACT OWNER HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN ANY WAY RELATED TO THIS GUARANTEE OR THE SUBJECT MATTER HEREOF.

CENTRE REINSURANCE (U.S.) LIMITED

By 
Name: Richard Price
Title:

ZURICH INSURANCE COMPANY

By  
Name: James J. Schiro Patrick O'Sullivan
Title: Chief Executive Officer Group Finance Director

MAR-07-2005 17:19

CENTRE SOLUTIONS

P.01

GUARANTY RIGHTS AGREEMENT

This Guaranty Rights Agreement (this "Guaranty Rights Agreement" or this "Agreement") is effective as of December 29, 2004 by and among Centre Reinsurance (U.S.) Limited ("CRUS"), Zurich Insurance Company ("ZIC") and AXA Equitable Life Insurance Company ("Equitable").

WHEREAS, Equitable and Centre Life Insurance Company ("CLIC") are parties to that certain Credit Support Agreement, dated as of July 1, 2000, in connection with which CRUS is a surety bond provider for CLIC;

WHEREAS, CRUS and CLIC are parties to that certain Amended and Restated Surety Bond, dated as of January 1, 2000 as amended by Amendment No. 1 thereto (as amended, the "CLIC Net Worth Surety Bond");

WHEREAS, ZIC and CRUS are parties to that certain Guarantee Agreement, a copy of which is attached hereto (the "Guarantee"), pursuant to which ZIC unconditionally guarantees the full and prompt performance of all of CRUS's Payment Obligations under the Contracts (as such capitalized terms are defined in the Guarantee);

WHEREAS, Equitable is willing to count ZIC's net worth as the net worth of CRUS for purposes of the Credit Support Agreement on the basis of the Guarantee and the benefits, rights and remedies with respect thereto that are granted to Equitable by this Agreement.

NOW THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. ZIC and CRUS hereby acknowledge that Equitable is a Contract Owner under the Guarantee and has the right, on a non-exclusive basis, (i) to issue the notice or demand referred to in the first sentence of the second paragraph of Article 2 of the Guarantee and (ii) to enforce directly against ZIC the rights of a Contract Owner under the Guarantee with respect to defaults by CRUS in performing its obligations under the CLIC Net Worth Surety Bond. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that any payments that ZIC is obligated to make as a result of any such enforcement by Equitable shall be paid to either CLIC or to Equitable, as determined by ZIC in its sole and absolute discretion. Any such payments made by ZIC to Equitable shall discharge pro tanto any obligation that ZIC has to CLIC relating to such payment.
2. With respect to the second paragraph of Article 2 of the Guarantee, ZIC confirms its understanding that to the extent that any payment

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CENTRE SOLUTIONS

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from CRUS is in fact due and payable under the CLIC Net Worth Surety Bond and is not timely made by CRUS ("timely" for this purpose having the meaning ascribed to it in the Guarantee), the Guarantee may be enforced by Equitable with respect to such payment without first resorting to any right or remedy against CRUS other than the written request described in the first sentence of the second paragraph of Article 2 of the Guarantee.

3. ZIC and CRUS agree that no amendment of the Guarantee will be effective against Equitable if such amendment adversely affects Equitable's rights and benefits under the Guarantee, unless Equitable consents such consent not to be unreasonably withheld or delayed.
4. ZIC and CRUS agree to cause the Guarantee not to terminate with respect to obligations and liabilities of CRUS that benefit, directly or indirectly, Equitable and that arise out of or in connection with the CLIC Net Worth Surety Bond; provided, however, that the Guarantee may terminate with respect to all other obligations or liabilities of CRUS (the foregoing agreement of ZIC and CRUS hereinafter referred to as the "Guarantee Maintenance Covenant"). Unless reinstated as provided below, the Guarantee Maintenance Covenant shall expire and be of no further force or effect on the earlier of (the earlier of (I) and (II) below each hereinafter referred to as a "Cut-Off Date");
 - (I) the later of (i) the date that the Credit Support Formula is satisfied pursuant to the provisions of the Credit Support Agreement (whether by provision of a letter of credit, additional Qualified Surety Bond Providers, or otherwise), without taking into account the net worth of ZIC, and (ii) six months following notice by CRUS to Equitable stating that it has determined that the condition described in the preceding clause (i) has been satisfied and describing in reasonable detail the information CRUS relied on in arriving at such determination, and
 - (II) the later of (a) six months following notice by CRUS to Equitable stating that the Guarantee will terminate and specifying the date of termination, and (b) December 31, 2014.

The Guarantee Maintenance Covenant shall automatically be reinstated and be in full force and effect after a Cut-Off Date, as though it had never terminated, if all of the following three conditions are satisfied: (x) the Credit Support Formula is not satisfied, or ceases to be satisfied, on any date (a "Non-Compliance Date") occurring on or prior to the fourth anniversary of any Cut-Off Date, and (y) Equitable delivers a notice to that effect to CLIC at any time on or

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CENTRE SOLUTIONS

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prior to such fourth anniversary describing in reasonable detail the basis (whether derived from information provided in CRUS'S notice or from other information) for Equitable's conclusion that the Credit Support Formula is not satisfied, or has ceased to be satisfied, and (z) the Non-Compliance Date occurs on or prior to December 31, 2014. If such reinstatement of the Guarantee Maintenance Covenant shall occur, it shall be effective as of such Non-Compliance Date, and the provisions of Section 4 above (including, but not limited to, clause (I) and (II) thereof) shall thereafter continue to apply without prejudice in any respect to the possibility of a Cut-Off Date occurring after the Non-Compliance Date. For the avoidance of doubt, no Cut-Off Date occurring pursuant to clause I above shall be deemed to have occurred unless CLIC is in compliance with the Credit Support Agreement on that date.

5. While the Guarantee and the Guarantee Maintenance Covenant are in full force and effect, Equitable will deem the net worth of CRUS to be the net worth of ZIC for purposes of compliance with the credit support formula under the Credit Support Agreement. CRUS shall deliver quarterly and annual financial statements of Zurich Financial Services to Equitable promptly upon release to the public.
6. This Agreement shall terminate on the last Cut-Off Date after which reinstatement of the Guarantee Maintenance Covenant as described in Section 4 is no longer possible, except that any claim for breach of any provision of this Agreement shall survive such termination if such breach occurs on or prior to such last Cut-Off Date. For the avoidance of doubt, this Agreement (including but not limited to the Guarantee Maintenance Covenant) shall in all events terminate on the later of (a) six months following notice by CRUS to Equitable stating that the Guarantee will terminate and specifying the date of termination, and (b) December 31, 2014, except that any claim for breach of any provision of this Agreement shall survive such termination if such breach occurs on or prior to such date of termination.
7. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.
8. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.
9. EACH OF THE PARTIES HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN ANY

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CENTRE SOLUTIONS

P.04

**WAY RELATED TO THE AGREEMENT OR THE SUBJECT
MATTER THEREOF.**

10. All notices required or permitted to be given pursuant to this Agreement shall be given in writing in the English language, shall be transmitted by personal delivery, by international courier, by registered or certified mail, return receipt requested, postage prepaid, or by reputable international overnight courier, and shall be addressed as follows:

If to ZIC: Zurich Insurance Company
Mythenquai 2
8002 Zurich
Switzerland
Attention: General Counsel

If to CRUS: Centre Reinsurance (U.S.) Limited
The Zurich Centre
90 Pitts Bay Road
Pembroke HM 08, Bermuda
Attention: President

With a copy to:

Centre Group Holdings (U.S.) Limited
105 East 17th Street
New York, NY 10003
Attention: General Counsel

If to Equitable: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10019
Attention: Chief Financial Officer

Each party hereto may from time to time designate a different address for communications by giving written notice of such change to the other parties. Equitable is a third party beneficiary of this Agreement.

MAR-07-2005 17:19

CENTRE SOLUTIONS

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of February 25, 2005, effective as of the 29th day of December, 2004.

ZURICH INSURANCE COMPANY

By Stuck M. H. -
Name: Marianne Stuck Name: Yannick Hausmann
Title: Corporate Legal Adviser Title: Corporate Legal Adviser

CENTRE REINSURANCE (U.S.) LIMITED

By: _____
Name:
Title:

AXA EQUITABLE LIFE INSURANCE COMPANY

By: Kevin R. Byrne
Name: KEVIN R. BYRNE
Title: SENIOR VICE PRESIDENT AND TREASURER

Byrne

MAR-07-2005 17:20

CENTRE SOLUTIONS

P.05

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of February 25, 2005, effective as of the 29th day of December, 2004.

ZURICH INSURANCE COMPANY

By: _____
Name: _____ Name: _____
Title: _____ Title: _____

CENTRE REINSURANCE (U.S.) LIMITED

By:  _____
Name: **Philip A. Thorne**
Title: **President / CEO**

AXA EQUITABLE LIFE INSURANCE COMPANY

By: _____
Name: _____
Title: _____

THE
BANK OF
NEW
YORK

CENTRE LIFE/EQUITABLE LIFE - RESERVE A/C
ACCOUNT # 056968
SUMMARY OF ASSETS HELD
DECEMBER 31, 2007

00001245

PAGE 1 OF 55

SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
FIXED INCOME INVESTMENTS 2,600,000	33,150.00 198,900.00	2,982,798.00 3,273,426.00 290,628.00-	6.66 6.07 .19
CORPORATE BONDS 768,628,000	10,972,441.37 43,160,107.35	730,370,124.51 631,135,346.72 99,234,777.79	5.90 6.83 46.92
GOVERNMENT BONDS 725,913,152	2,324,203.48 8,204,918.74	467,186,331.12 332,834,402.71 134,351,928.41	1.75 2.46 30.01
OTHER BONDS 499,301,552	2,417,093.68 16,008,018.26	354,599,543.14 299,546,244.75 55,053,298.39	4.51 5.34 22.78
OTHER ASSETS 1	.00 .00	1.00 .00 1.00	
SHORT-TERM INVESTMENTS 1,205,977.89	.00 59,334.12	1,205,977.89 1,205,977.89	4.92 4.92 .07
CASH	.00 .00	.00 .00	
ACCOUNT TOTALS 1,997,648,682.89	\$15,746,888.53 \$67,631,278.47	\$1,556,344,775.66 \$1,267,995,398.07 \$288,349,377.59	4.34% 5.33% 100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME	\$1,572,091,664.19		

00001260

THE
BANK OF
NEW
YORK

CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
CASH STATEMENT AND ASSET LIST
SEPTEMBER 30, 2007

000034 XBC1BN01 0
THE EQUITABLE LIFE ASSURANCE SOC 0
CHIEF ACTUARY 0
1290 AVENUE OF THE AMERICAS 3
NEW YORK NY 10104-0101 4

	SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
FIXED INCOME INVESTMENTS	2,600,000	82,875.00 198,900.00	2,923,232.00 3,273,426.00 350,194.00-	6.80 6.07 .19
CORPORATE BONDS	717,063,000	9,837,035.81 39,957,427.15	671,992,861.87 579,431,580.77 92,561,281.10	5.94 6.89 43.84
GOVERNMENT BONDS	778,368,152	1,684,704.61 11,241,312.82	504,895,220.29 371,820,285.91 133,074,934.38	2.22 3.02 32.94
OTHER BONDS	495,601,552	2,051,525.05 16,324,398.91	350,275,565.99 302,817,429.20 47,458,136.79	4.66 5.39 22.85
OTHER ASSETS	1	.00 .00	.00 .00 .00	
SHORT-TERM INVESTMENTS	2,672,066.37	.00 64,129.59	2,672,066.37 2,672,066.37 .00	2.39 2.39 .17
CASH		.00 .00	.00 .00 .00	
ACCOUNT TOTALS	1,996,304,771.37	\$13,656,140.47 \$67,786,168.47	\$1,532,758,946.52 \$1,260,014,788.25 \$272,744,158.27	4.42% 5.37% 100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME		\$1,546,415,086.99		

THE
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CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
CASH STATEMENT AND ASSET LIST
JUNE 30, 2007

00001355

000037 XBC1BN01 0
AXA EQUITABLE 0
MIMI BEUNO 0
1290 AVENUE OF THE AMERICAS 0
FL 12 3
NEW YORK NY 10104-0101 7



CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
SUMMARY OF ASSETS HELD
JUNE 30, 2007

00001336

		SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
FIXED INCOME INVESTMENTS					
		2,600,000	33,150.00 198,900.00	2,927,808.00 3,273,426.00 345,618.00-	6.79 6.07 .19
CORPORATE BONDS					
		719,108,000	10,572,614.15 40,334,345.60	666,982,958.74 581,096,077.56 85,886,881.18	6.04 6.94 44.32
GOVERNMENT BONDS					
		789,768,152	3,667,838.15 11,869,267.97	500,471,731.15 384,311,354.78 116,160,376.37	2.37 3.08 33.26
OTHER BONDS					
		481,955,552	2,100,878.52 15,534,891.67	330,828,502.16 290,307,561.55 40,520,940.61	4.69 5.35 21.98
SHORT-TERM INVESTMENTS					
		3,506,507.51	2,881.78 120,759.18	3,488,773.51 3,488,525.47 248.04	3.46 3.46 .23
CASH			.00 .00 .00	.00 .00 .00	
ACCOUNT TOTALS					
		1,996,938,211.51	\$16,377,362.60 \$68,058,164.42 \$1,262,476,945.36 \$242,222,828.20	\$1,504,699,773.56 \$1,262,476,945.36 \$1,262,476,945.36 \$242,222,828.20	4.52% 5.39% 100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME			\$1,521,077,136.16		

THE
BANK OF
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CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
CASH STATEMENT AND ASSET LIST
MARCH 31, 2007

00001469

000043 XBCIBN01 0
AXA EQUITABLE 0
MIMI BEUND 0
1290 AVENUE OF THE AMERICAS 4
FL 12 3
NEW YORK NY 10104-0101

THE BANK OF NEW YORK

CENTRE LIFE/EQUITABLE LIFE - RESERVE A/C
ACCOUNT # 056968
SUMMARY OF ASSETS HELD
MARCH 31, 2007

00001590

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SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
FIXED INCOME INVESTMENTS			
13,167,000	249,510.21 789,041.25	13,732,197.52 11,659,339.07 2,072,858.45	5.74 6.76 .87
PORTFOLIO BONDS			
646,794,000	9,162,202.92 39,697,840.05	668,898,512.40 561,477,565.38 107,420,947.02	5.93 7.07 42.73
GOVERNMENT BONDS			
792,668,152	1,870,195.75 12,045,141.94	523,403,951.20 388,680,396.98 134,723,554.22	2.30 3.09 33.44
CORPORATE BONDS			
524,949,552	1,780,789.58 15,519,263.34	352,778,333.86 301,079,594.92 51,698,738.94	4.39 5.15 22.54
SHORT-TERM INVESTMENTS			
6,318,008.68	10,295.08 315,284.65	6,298,276.44 6,297,036.30 1,240.14	5.00 5.00 .40
TOTAL			
1,983,896,712.68	\$13,072,993.54 \$68,366,571.23 \$295,917,338.77	\$1,565,111,271.42 \$1,269,193,932.65 \$1,269,193,932.65	4.36% 5.38% 100.00
MARKET VALUE PLUS TOTAL ACCRUED INCOME			
	\$1,578,184,264.96		

THE
BANK OF
NEW
YORK

CENTRE LIFE/EQUITABLE LIFE - RESERVE A/C
ACCOUNT # 056968
CASH STATEMENT AND ASSET LIST
DECEMBER 31, 2006

00001584

000046 XBCIBN01 0
AXA EQUITABLE 0
MIMI BEUNO 0
1290 AVENUE OF THE AMERICAS FL 12 4
NEW YORK NY 10104-0101 6

THE
BANK OF
NEW
YORK

CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C

00001505

PAGE 1 OF 49

ACCOUNT # 056968
SUMMARY OF ASSETS HELD
DECEMBER 31, 2006

	SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
FIXED INCOME INVESTMENTS	16,167,000	169,516.56 952,541.25	16,543,405.34 14,762,719.07 1,780,686.27	5.75 6.45 1.05
CORPORATE BONDS	634,653,000	10,136,264.92 38,867,296.25	662,099,658.30 535,336,400.41 126,763,257.89	5.87 7.26 42.09
GOVERNMENT BONDS	801,277,152	3,849,757.57 12,879,486.63	542,332,906.34 385,704,310.53 156,628,595.81	2.37 3.33 34.47
OTHER BONDS	511,314,552	1,893,188.97 14,992,481.13	341,489,784.06 289,568,854.75 51,920,929.31	4.39 5.17 21.70
SHORT-TERM INVESTMENTS	10,571,432.13	8,454.62 486,029.45	10,537,575.85 10,520,784.11 16,791.74	4.61 4.61 .66
CASH		.00 .00 .00	.00 .00 .00	
ACCOUNT TOTALS	1,973,983,136.13	\$16,057,182.64 \$68,177,834.71	\$1,573,003,329.89 \$1,235,893,068.87 \$337,110,261.02	4.33% 5.51% 100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME		\$1,589,060,512.53		

THE
BANK OF
NEW
YORK

00001510

CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
CASH STATEMENT AND ASSET LIST
SEPTEMBER 30, 2006

0
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4
1

000041 XBC1BH01
AXA EQUITABLE
MIMI BEUNO
1290 AVENUE OF THE AMERICAS
FL 12
NEW YORK NY 10104-0101

THE
BANK OF
NEW
YORK

CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
SUMMARY OF ASSETS HELD
SEPTEMBER 30, 2006

00001319

PAGE 1 OF 47

	SHARES/PAR VALUE	ACCRUED INCOME EST ANN INCOME	MARKET VALUE BOOK COST GAIN OR LOSS	YLD-MKT YLD-BK % A/C
CORPORATE BONDS	651,890,000	9,354,530.24 40,291,469.75	684,543,760.16 561,861,802.38 122,681,957.78	5.88 7.17 43.34
GOVERNMENT BONDS	787,777,152	1,882,424.24 12,117,280.76	532,014,816.56 372,656,196.87 159,358,619.69	2.27 3.25 33.68
OTHER BONDS	509,119,552	1,618,917.32 15,083,452.89	341,369,286.69 287,664,133.82 53,705,152.87	4.41 5.24 21.61
SHORT-TERM INVESTMENTS	21,349,061.82	6,191.70 841,153.83	21,230,174.06 21,227,400.67 2,773.39	3.96 3.96 1.34
CASH		.00 .00	.00 .00	
ACCOUNT TOTALS	1,970,135,765.82	\$12,862,063.50 \$68,333,357.23	\$1,579,158,037.47 \$1,243,409,533.74 \$335,740,503.73	4.32% 5.49% 100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME		\$1,592,020,100.97		

JUNE 2006
TRANSACTIONS

PAGE 1

CENTRE LIFE/EQUITABLE LIFE -RESERVE A/C
ACCOUNT # 056968
June 30, 2006

SUMMARY OF ASSETS HELD

	MARKET VALUE	BOOK COST	ACCUMULATED INCOME	EST. ANN INCOME	% A/C
FIXED INCOME INVESTMENTS	1,449,895,322.80	1,240,611,870.80	15,802,752.24	66,849,501.71	100.00
CASH	.00	.00	.00	.00	.00
ACCOUNT TOTALS	\$1,449,895,322.80	\$1,240,611,870.80	\$15,802,752.24	\$66,849,501.71	100.00
TOTAL MARKET VALUE PLUS TOTAL ACCUMULATED INCOME	\$1,465,698,075.04				

CENTRE

FAX TO: Chief actuary
FIRM: Axa Equitable
FAX: 212-314-4456
FROM: Richard Gill
DATE: 1/28/08
PAGES TO FOLLOW: 2

RECEIVED

FEB 01 2008

GERALD J. CARROLL, JR.
V.P. & ASSOCIATE GENERAL COUNSEL

A member of the Zurich Financial Services Group

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CENTRE

January 25, 2008

VIA FACSIMILE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust Escrow Unit
Fax: 212-815-5877

SINE MURPHY PLACE
100 BROADWAY
NEW YORK, NY
10005

TEL 212 559-2000
FAX 212 559-2794

Re: Reserve Amount Statement

To Whom It May Concern:

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of December 31, 2007 is as follows:

Total GAAP Reserves	\$1,751,546,000
---------------------	-----------------



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677

CENTRE

FAX TO: General Counsel
FIRM: AXA Equitable Life Insurance Co
FAX: 212-707-7677
FROM: Richard Grilli (CLIC)
DATE: 10/5/07
PAGES TO FOLLOW: 1

RICHARD V. SILVER
Executive Vice President and General Counsel

OCT 5 - 2007

AXA FINANCIAL, INC.
REFERRED TO: W. Casner

D. Hinton

G. Hinton

RECEIVED

OCT 9 2007

GENERAL COUNSEL
VP. & ASSOCIATE GENERAL COUNSEL

A member of the Zurich Financial Services Group

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CENTRE

October 5, 2007

VIA FACSIMILE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust Escrow Unit
Fax: 212-815-5707

100 EAST 12TH STREET
NEW YORK NY
10003

TEL: 212-859-2400
FAX: 212-859-2794

Re: Reserve Amount Statement

To Whom It May Concern:

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of September 30, 2007 is as follows:

Total GAAP Reserves	\$1,588,870,000
---------------------	-----------------

There were no material changes in methodology or actuarial assumptions underlying the reserves as of September 30, 2007 from what was used at December 31, 2006.



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677

CENTRE

Fax

To:	Chief Actuary	From:	Richard Grilli
	AXA Equitable Life Insurance Company		
Fax:	212-314-4456	Pages:	2
		Date:	04/05/2007
Re:	March 31, 2007 Reserves	CC:	General Counsel - 212-707-7677

RECEIVED

APR 10 2007

General Counsel, J.P.
V.P. & ASSOCIATE GENERAL COUNSEL

APR - 5 2007

REFERRED

CENTRE

April 5, 2007

VIA FACSIMILE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2400
FAX: 212-859-2794

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust Escrow Unit
Fax: 212-815-5707

Re: Reserve Amount Statement

To Whom It May Concern:

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of March 31, 2007 is as follows:

Total GAAP Reserves	\$1,587,711,000
----------------------------	------------------------

There were no material changes in methodology or actuarial assumptions underlying the reserves as of March 31, 2007 from what was used at December 31, 2006



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677

**Centre Life
Insurance
Company**

Fax

To:	Mr. William Casill	From:	Richard Grilli
Fax:	212-314-4456	Pages:	3
		Date:	01/12/2007
Re:	Credit Support Report	CC:	

DEC 16 2007

CENTRE

January 5, 2007

VIA FACSIMILE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust Escrow Unit
Fax: 212-815-5707

Re: Reserve Amount Statement

To Whom It May Concern:

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of December 31, 2006 is as follows:

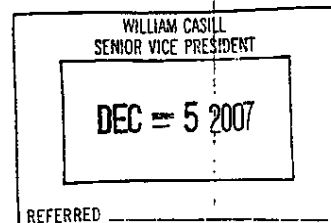
Total GAAP Reserves	\$1,592,142,000
---------------------	-----------------

There were no material changes in methodology or actuarial assumptions underlying the reserves as of December 31, 2006 from what was used at December 31, 2005.



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677



Centre

Fax

To: General Counsel
AXA Equitable Life Insurance Company

From: Richard Grill

Fax: 212-707-7577 Pages: 2

Date: 10/05/2006

Re: Reserve Amount Statement CC: 212-707-7577
General Counsel
AXA Equitable Life Insurance Company

OCT - 9 2

RICHARD V. SILVER
EXECUTIVE VICE PRESIDENT
& GENERAL COUNSEL

OCT 6 - 2006

AXA FINANCIAL, INC.
REFERRED TO: Bill Casill ✓
cc: Dave Hattom
Jonathan Gaines

CENTRE

October 6, 2006

VIA FACSIMILE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust Escrow Unit
Fax: 212-815-5707

Re: Reserve Amount Statement

To Whom It May Concern:

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of September 30, 2006 is as follows:

Total GAAP Reserves	\$1,576,402,000
----------------------------	------------------------

There were no material changes in methodology or actuarial assumptions underlying the reserves as of September 30, 2006 from what was used at December 31, 2005



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677

CENTRE

July 7, 2006

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07310

TEL: 201-395-4715
FAX: 201-395-4716

VIA FACSIMILE

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: (212) 314 4456

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust and Escrow Unit
Fax: (212) 815 5707

Re: Reserve Amount Statement

To Whom It May Concern:

In accordance with Section 1 (d) of the Reserve Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and the Bank of New York, the Reserve Amount as of June 30, 2006 is as follows:

Total GAAP Reserves \$1,570,144,000

There were no material changes in methodology or actuarial assumptions underlying the reserves as of June 30, 2006 from what was used at December 31, 2005.



Richard Grilli
President
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: (212) 707 7677

CENTRE

January 25, 2008

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

Mr. William Casill
Senior Vice President and Actuary
AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104

By Fax: 212-314-4456

ONE LIBERTY PLAZA
155 SECOND AVENUE
NEW YORK, NY
10006

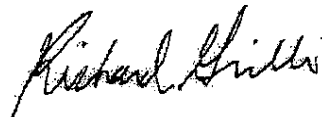
TEL: 212 259 2600
FAX: 212 259 2792

Re: Credit Support Agreement between the Equitable Life Assurance Society
and Centre Life Insurance Company.

Dear Bill,

In accordance with Section 7.6 of the Credit Support Agreement, attached is
the Credit Support Report as of December 31, 2008.

Sincerely,



Richard Grilli
President

CLIC/Equitable Quota Share Reinsurance

Credit Support Formula

Calculation @ September 30, 2007

	Gross of ZIBB cession (000)
R(t)	\$1,751,546
F(t)	0.62
M(t)	\$2,400,000
LC(t)	\$0
Reserve Trust(t)	\$1,570,938
Security Trust(t)	\$0
Z(t)	\$500,000
Q(t)	N/A
Limit of XOLRe	\$331,127
Ceded Incurred Losses under XOLRe	\$78,142
Remaining XOLRe retention (B(t))	\$1,487,304
N(t,CLIC)	\$1
d(t,CLIC)	1
N(t,ZIC)	\$12,773,367 **
d(t,ZIC)	2.5
N(t,CRUS)	\$678,423 *
d(t,CRUS)	2.5
VOBA(t)	\$0
Required adjustment to Equity(t) to avoid double counting	\$0
T(t)	(\$180,608)
D(t)	2.50
L(t)	\$252,985
X(t)	\$252,985
C(t)	\$1,440,192
K(t)	\$1,512,569 =Total Credit Support
ME(t)	\$680,608
Equity(t)	\$13,391,791
Required Equity Floor	\$1,440,192

* September 30, 2007 Actual
** December 31, 2006 Actual

**EQUITABLE LIFE
INDIVIDUAL DISABILITY INCOME BUSINESS
REPORT TO THE AUDIT COMMITTEE**



EQUITABLE

Member of the Global  Group

May 19, 1999

High interest rates in the 1980's created a comfortable environment in which insurers chased market share at the expense of operating margins.

<p>DISABILITY INCOME HISTORICAL OVERVIEW</p>
--

1961 -- Equitable begins offering individual disability income policies.

1980 - 1988 -- High interest rates in the early 80's spur an industry war for market share

- Lower premium rates
- Liberalized contract provisions
 - COLA Riders
 - Life Time Benefits
 - "Own Occupation" Definition of Disability
 - Guaranteed Insurability Riders
- Liberal underwriting
 - Overinsurance
 - Relaxed Medical Standards
- Concentration by Equitable on high risk professions (Physicians, Dentists) and high risk states (NY, PA, FL, CA)

The decline in interest rates in the late 80's exposed design and pricing deficiencies.

DISABILITY INCOME
HISTORICAL OVERVIEW

1989 - 1992 -- Claims experience for the Equitable (and the industry) deteriorates significantly.

1993 -- Equitable discontinues the manufacturing of DI policies. A private label arrangement is created with Paul Revere for the sale of new DI policies by Equitable's agents.

1993 -- Equitable closes its DI claims office and enters into a TPA agreement with Paul Revere for the management of claims arising from Equitable's existing book of business.

1993 - 1996 -- Financial losses continue at unacceptable levels.

In late 1996 Equitable initiates two actions to address these losses.

- Claims Management Restructuring
- Reserve Strengthening

Significant changes were made in 1997 to the DI claims management structure in order to address the deficiencies of the prior system.

DISABILITY INCOME
CLAIMS MANAGEMENT RESTRUCTURING

Problem Area

Lack of Central Focus

- Equitable's claims were managed by examiners who also had responsibility for claims on Paul Revere's own paper.
- Conflicting priorities affected results.

Actions Taken

Dedicated Claims Office Created

- In February, 1997 Provident opens a new claims office in Springfield, MA dedicated exclusively to the Equitable. The new office is initially staffed with 30 Provident employees. Additional support is provided by Provident from its other claims offices.
- Certain types of claims continue to be administered by Provident's Worcester claims office until the Springfield office is fully functional.
- By January, 1999 the Springfield office is fully staffed with 70 Provident employees and only occasional use of Provident's non-Springfield employees is required.

Contractual provisions were revised to align Equitable's and Provident's interests.

DISABILITY INCOME
CLAIMS MANAGEMENT
RESTRUCTURING

Problem Area

Incentives not Aligned

- The Revere/Equitable contract was on a fixed cost basis, which created a disincentive for Revere to provide the level of resources needed for proper management.
- Revere's compensation did not vary with the quality of work or with claims experience.

Actions Taken

Revised Administration Agreement

- Equitable and Provident agree on a new contract. The new contract is on a cost-plus basis under which Provident is not penalized for additional (appropriate) expenses.
- An incentive arrangement is also included in the contract to align Equitable's and Provident's interests.

Quality Assurance

- A team of Equitable employees, sited in the Springfield office, is established in 1997 to monitor activity, ensure proper management and provide Equitable with timely information as to current results.

Litigation procedures were tightened to focus attention on this important aspect of the business.

DISABILITY INCOME
CLAIMS MANAGEMENT
RESTRUCTURING

Problem Area

Litigated Claims

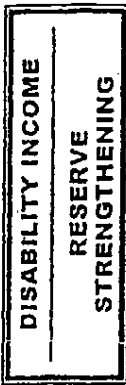
- Equitable attorneys were not directly involved in litigation process.
- Litigated claims were sent to local counsel with little follow-up/support from Revere.

Actions Taken

Litigation Process Strengthened

- In early 1998 Equitable and Provident attorneys create formal procedures for management of litigated claims.
- Provident dedicates three attorneys to Equitable business.
- Equitable creates a litigation quality control team consisting of one Equitable attorney and one outside counsel. The team reviews litigated claims and advises Equitable on large, high risk cases.
- Quarterly litigation communication meetings are held to review results, discuss strategy on specific cases and plan future activities.

Disability Income is still a large book of business, even though new sales were discontinued in 1993.



	<u>1996</u>	<u>1997</u>	<u>1998</u>
	(End of year values excluding assumed business)		

At the end of 1998 there were 111,000 active policies.

Number of Active Policies	125,000	119,000	111,000
Premiums Incurred During Year	\$122,000,000	\$117,000,000	\$112,000,000
Active Life Reserves	\$248,000,000	\$255,000,000	\$255,000,000
Reserve per Active Life	\$1,984	\$2,143	\$2,297

There were 3,728 disabled lives (3.3% of the active lives) at the end of 1998.

Number of Disabled Lives	3,513	3,650	3,728
Disabled Life Reserves	\$707,000,000	\$743,000,000	\$781,000,000
Reserve per Disabled Life	\$201,252	\$203,562	\$209,496

Equitable's Disability claims are strongly skewed by occupation and state of residence.

DISABILITY INCOME
RESERVE
STRENGTHENING

Distribution of Active Policies by Occupation and State

	High Risk States (CA, FL, NY & PA)	Other States	Total
Health Professionals	13%	16%	29%
Other Occupations	31%	40%	71%
Total	44%	56%	100%

Distribution of Claims by Occupation and State

	High Risk States (CA, FL, NY & PA)	Other States	Total
Health Professionals	31%	21%	52%
Other Occupations	27%	21%	48%
Total	58%	42%	100%

Ratio of Claims to Active Policies by Occupation and State

	High Risk States (CA, FL, NY & PA)	Other States	Total
Health Professionals	238%	131%	179%
Other Occupations	87%	53%	68%
Total	132%	75%	100%

Note: Distributions are based on amounts of monthly income.

An analysis of 1995 and 1996 experience led to reserve strengthening of \$320 million as of 12/31/96.

DISABILITY INCOME
RESERVE
STRENGTHENING

-
- The new reserve basis reflects:
 - higher incidence rates
 - lower claim termination rates (particularly for physicians)
 - higher provisions for claims management expenses
 - Analytical software and modelling capabilities are enhanced in 1997.
 - claims reporting patterns and termination rates are analyzed
 - certain reserve components are reallocated, but the total reserve amount and assumptions are revalidated

Total earnings were slightly positive in 1998.

DISABILITY INCOME
EMERGING
EXPERIENCE

1998 GAAP Earnings*

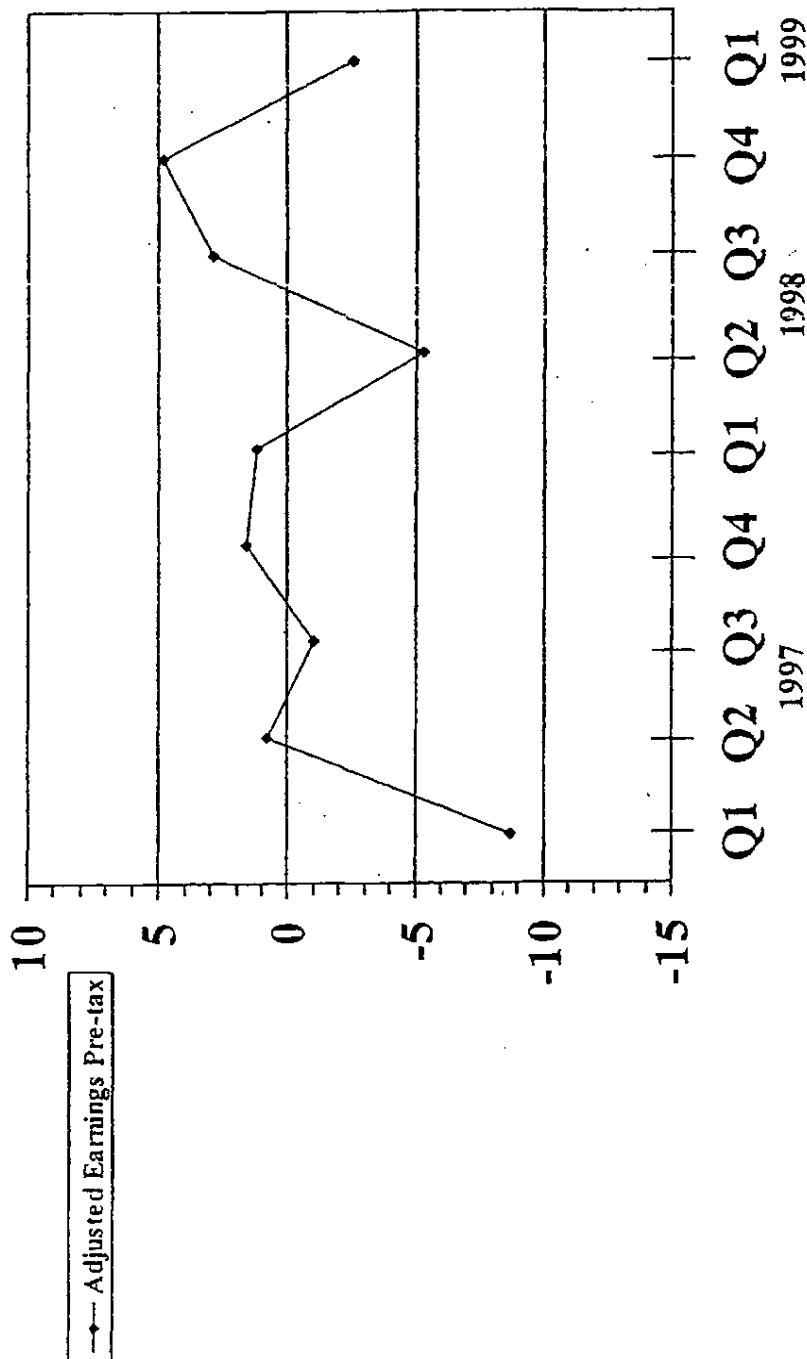
	Active Lives	Disabled Lives	Total
	(\$ Millions)		
Premiums	112.2	0.0	112.2
Net Investment Income	27.4	61.7	89.1
Other Insurance Income	2.7	0.0	2.7
Total Revenues	142.3	61.7	204.0
Paid Benefits	6.6	116.4	123.0
Reserve Increase	76.5	(39.4)	37.1
Expense	25.5	14.9	40.4
Total Deductions	108.6	91.9	200.5
Reported Adjusted Earnings	33.7	(30.2)	3.5

As discussed below earnings from Active lives were better than expected in 1998 due to lower than assumed incidence rates. Earnings from Disabled lives were lower than expected due to lower than assumed termination rates.

* Excludes reinsurance assumed.

As expected, earnings are near zero with some quarterly volatility.

DISABILITY INCOME
EMERGING
EXPERIENCE



Note: Q2 '98 earnings include a loss of \$7.4 million due to settlements of several high risk litigated cases; Q1 '99 includes provision for a \$2.2 million settlement.

Full year earnings improved slightly from 1997 to 1998. Losses from morbidity were negligible, particularly in comparison to the size of the business.

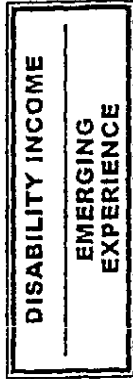
DISABILITY INCOME
EMERGING EXPERIENCE

Summary of Earnings by Source*

	<u>1997</u>	<u>1998</u>
	(\$ Million)	
Interest Margin	11.6	16.8
Expenses	(13.3)	(15.9)
Persistency Losses	(4.6)	(2.8)
Morbidity Losses	(.6)	(1.0)
Total	(6.9)	(2.9)

* Includes reinsurance assumed.

Interest on equity which we allocate to DI contributed to earnings.



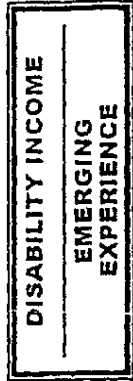
-
- The reserve interest assumption was established at the end of 1996. Yields have declined since then, resulting in a reduction in portfolio yields as assets turn over.
 - This shortfall has been more than offset by interest earnings on equity.
 - The interest rate assumption is a long range assumption. However, if interest rates were to continue at current levels, we would consider strengthening reserves.

Expense losses are attributable primarily to overhead, which cannot be funded.

DISABILITY INCOME
EMERGING EXPERIENCE

-
- We account for DI under "loss recognition" accounting principles, which prohibit prefunding of overhead expenses.
 - Direct expenses (commissions, premium taxes, administration) are funded for as part of reserves.

Persistency losses resulted from slightly lower lapse rates than assumed.



-
- Reserves are based on assumed lapse rates. When a customer lapses coverage, we release the active life reserve which had been built up to fund for future benefits.
 - Lapse rates in 1997 and 1998 were slightly lower than assumed. This higher persistency resulted in less reserves being released than assumed which in turn caused a slight earnings loss in each year.

Morbidity losses were close to zero in 1997 and 1998

DISABILITY INCOME
EMERGING EXPERIENCE

-
- Morbidity experience encompasses
 - incidence of claims
 - claim termination rates
 - In both years, incidence rates were lower than assumed but terminations also were lower than assumed.

Summary and Conclusions

DISABILITY INCOME SUMMARY

-
- We have addressed several weaknesses - procedural as well as financial - in claims management and taken corrective measures.
 - We have just re-negotiated our claims administration agreement with Provident. The new agreement guarantees Equitable continuous service through 2020.
 - Recent earnings have been close to zero.
 - Reserve assumptions continue to be appropriate.
 - If interest rates continue at current or lower levels, we will have to consider reserve strengthening.
 - We are working with intermediaries and reinsurers to find ways to remove this business from our books.

Goldman, Sachs & Co. | 85 Broad Street | New York, New York 10004
Tel: 212-902-1000

**Goldman
Sachs**

PERSONAL AND CONFIDENTIAL

February 28, 1999

Mr. Stanley B. Tulin
Vice Chairman and Chief Financial Officer
The Equitable Companies
1290 Avenue of the Americas
New York, NY 10104

Dear Stan:

We are pleased to confirm the arrangements under which Goldman, Sachs & Co. ("Goldman Sachs") is exclusively engaged by The Equitable Life Assurance Society of the United States (the "Company") as financial advisor in connection with the possible disposition, sale or other transfer, in one or more transactions, of its disability income business (the "Business"), including, without limitation, one or more sales or other transfers (in which the Company may pay or receive consideration) of assets, receivables and/or liabilities of the Business.

During the term of our engagement, we will provide you with financial advice and assistance in connection with this potential transaction, which may include performing valuation analyses, assisting in the preparation of offering materials, searching for a reinsurer acceptable to you, coordinating visits of potential reinsurers and assisting you in negotiating the financial aspects of the transaction.

The fees for our engagement will depend on the outcome of the assignment. The fee for our engagement will be \$2,250,000, payable to us in cash upon consummation of the transaction in which all or a portion of the Business is disposed of, sold or transferred.

You also agree to reimburse us periodically, upon request, and upon consummation of the transaction or transactions contemplated hereby or upon termination of our services pursuant to this agreement, for our reasonable out-of-pocket expenses, including the fees and disbursements of our attorneys, plus any sales, use or similar taxes (including additions to such taxes, if any) arising in connection with any matter referred to in this letter.

In order to coordinate most effectively our efforts together to effect a transaction satisfactory to the Company, the Company and its management will promptly inform us of any inquiry they may receive concerning the availability of all or a portion of the Business for purchase. Also, during the period of our engagement, neither the Company nor the management of the Company will initiate any discussions looking toward the sale of the Business without first consulting with Goldman Sachs.

The Equitable Companies
February 28, 1999
Page Two

Please note that any written or oral advice provided by Goldman Sachs in connection with our engagement is exclusively for the information of the Board of Directors and senior management of the Company (including their legal counsel), and may not be disclosed to any third party or circulated or referred to publicly without our prior written consent.

In connection with engagements such as this, it is our firm policy to receive indemnification. The Company agrees to the provisions with respect to our indemnity and other matters set forth in Annex A which is incorporated by reference into this letter.

As you know, Goldman Sachs is a full service securities firm and as such may from time to time effect transactions, for its own account or the account of customers, and hold positions in securities or options on securities of the Company and other companies which may be the subject of the engagement contemplated by this letter.

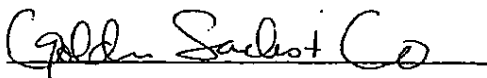
Our services may be terminated by you or us at any time with or without cause effective upon receipt of written notice to that effect. We will be entitled to the applicable fee set forth above in the event that at any time prior to the expiration of two years after such termination an agreement is entered into with respect to the disposition, sale or other transfer of all or a portion of the Business which is eventually consummated and any of the acquirers or their affiliates were on the list of prospective acquirers provided by Goldman Sachs to the Company during the term of its engagement or Goldman Sachs or the Company, or the management, directors or affiliates of the Company had contact with the acquiring party, or any affiliate thereof, regarding such a transaction during the period of our engagement.

The Company recognizes that, in providing our services pursuant to this letter, we will rely upon and assume the accuracy and completeness of all of the financial and other information discussed with or reviewed by us for such purposes, and we do not assume responsibility for the accuracy or completeness thereof. Goldman Sachs will have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities of the Business or to advise or opine on any related solvency issues. It is understood and agreed that Goldman Sachs will act under this letter as an independent contractor with duties solely to the Company and nothing in this letter or the nature of our services shall be deemed to create a fiduciary or agency relationship between us and the Company or its stockholders. Except as set forth in Annex A hereto, nothing in this letter is intended to confer upon any other person (including stockholders, employees or creditors of the Company) any rights or remedies hereunder or by reason hereof.

The Equitable Companies
February 28, 1999
Page Three

Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed copy of this letter, which shall become a binding agreement upon our receipt. We are delighted to accept this engagement and look forward to working with you on this assignment.

Very truly yours,



(GOLDMAN, SACHS & CO.)

Confirmed:



(THE EQUITABLE LIFE ASSURANCE SOCIETY OF
THE UNITED STATES)

By: _____

Name:

Title:

Date: _____

The Equitable Companies
February 28, 1999
Page Four

Annex A

In the event that Goldman Sachs becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with or as a result of either our engagement or any matter referred to in this letter, the Company periodically will reimburse Goldman Sachs for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided however, that if it is found in any such action, proceeding or investigation that any loss, claim, damage or liability of Goldman Sachs has resulted from the gross negligence or bad faith of Goldman Sachs in performing the services which are the subject of this letter, Goldman Sachs shall repay such portion of the reimbursed amounts that is attributable to expenses incurred in relation to the act or omission of Goldman Sachs which is the subject of such finding. The Company also will indemnify and hold Goldman Sachs harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either our engagement or any matter referred to in this letter, except to the extent that any such loss, claim, damage or liability results from the gross negligence, willful misconduct or bad faith of Goldman Sachs in performing the services that are the subject of this letter. If for any reason the foregoing indemnification is unavailable to Goldman Sachs or insufficient to hold it harmless, then the Company shall contribute to the amount paid or payable by Goldman Sachs as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Company and its stockholders on the one hand and Goldman Sachs on the other hand in the matters contemplated by this letter as well as the relative fault of the Company and Goldman Sachs with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any affiliate of Goldman Sachs and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of Goldman Sachs and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, Goldman Sachs, any such affiliate and any such person. The Company also agrees that neither Goldman Sachs nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company in connection with or as a result of either our engagement or any matter referred to in this letter except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company result from the gross negligence, willful misconduct or bad faith of Goldman Sachs in performing the services that are the subject of this letter. Prior to entering into any agreement or arrangement with respect to, or effecting, any proposed sale, exchange, dividend or other distribution or liquidation of all or a significant portion of its assets in one or a series of transactions or any significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the Company's obligations set forth in this Annex A, the Company will notify Goldman Sachs in writing thereof (if not previously so notified) and, if requested by Goldman Sachs, shall arrange in connection therewith alternative means of providing for the obligations of the Company set forth in this paragraph, including the assumption of such obligations by another party, insurance, surety bonds or the creation of an escrow, in each case in an amount and upon terms and conditions satisfactory to Goldman Sachs. Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either our

The Equitable Companies

February 28, 1999

Page Five

engagement or any matter referred to in this letter is hereby waived by the parties hereto. The provisions of this Annex A shall survive any termination or completion of the engagement provided by this letter agreement, and this letter agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

Promptly after receipt by Goldman Sachs of notice of its involvement in any action, proceeding or investigation, Goldman Sachs shall, if a claim for indemnification in respect thereof is to be made against the Company under this Annex A, notify the Company in writing of such involvement. Failure by Goldman Sachs to so notify the Company shall relieve the Company from the obligation to indemnify Goldman Sachs under this Annex A only to the extent that the Company suffers actual prejudice as a result of such failure, but shall not relieve the Company from its obligation to provide reimbursement and contribution to Goldman Sachs. If any person is entitled to indemnification under this Annex A (the "Indemnified Person") with respect to any action or proceeding brought by a third party that is also brought against the Company, the Company shall be entitled to assume the defense of any such action or proceeding with counsel reasonably satisfactory to the Indemnified Person. Upon assumption by the Company of the defense of any such action or proceeding, the Indemnified Person shall have the right to participate in such action or proceeding and to retain its own counsel but the Company shall not be liable for any legal expenses of other counsel subsequently incurred by such Indemnified Person in connection with the defense thereof unless (i) the Company has agreed to pay such fees and expenses, (ii) the Company shall have failed to employ counsel reasonably satisfactory to the Indemnified Person in a timely manner, or (iii) the Indemnified Person shall have been advised by counsel that there are actual or potential conflicting interests between the Company and the Indemnified Person, including situations in which there are one or more legal defenses available to the Indemnified Person that are different from or additional to those available to the Company. The Company shall not consent to the terms of any compromise or settlement of any action defended by the Company in accordance with the foregoing without the prior written consent of the Indemnified Person. The Company shall not be required to indemnify Goldman Sachs for any amount paid or payable by Goldman Sachs in the settlement of any action, proceeding or investigation without the written consent of the Company, which consent shall not be unreasonably withheld.

CENTRE

October 28, 1999

CENTRE INSURANCE
COMPANY
2C SPECIALTY
INSURANCE COMPANY
CENTRE LIFE
INSURANCE COMPANY

Mr. Mark W. Griffin
Vice President
Goldman Sachs & Co.
85 Broad Street
New York, New York 10004

By fax: 212-346-3895

Dear Mark,

We are pleased to provide this letter in response to your request for a proposal reinsuring Equitable's direct individual disability income business ("the Business"). This letter will address the items requested.

ONE CHASE
MANHATTAN PLAZA
NEW YORK, NY
10005

TEL: 212-898-5300
FAX: 212-898-5400

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

ONE MARKET PLAZA
SPEAR STREET TOWER
SUITE 1215
SAN FRANCISCO, CA
94105-1017

TEL: 415-977-7850
FAX: 415-977-7851

(i) Cash Consideration

Based on our analysis and due diligence to date, we expect the cash consideration to Centre Life will be \$1.3 Billion as of December 31, 1998. This figure is still subject to significant uncertainty (both up and down) due to data quality issues that we are currently discussing with Equitable. Based on our current understanding of the issues, we are not optimistic that the final price will drop below \$1.2 billion. We received information yesterday that Equitable believes conditions errors and is investigating; if it is correct, our price could increase significantly.

This figure is subject to a couple of adjustments, namely,

- 1) since we are using projections from 12/31/98, the price needs to be adjusted to take into account the actual cash flows from that date to the closing date, and
- 2) it does not include any cancellation fee due under the terms of UnumProvident Administration Agreement.

We are bidding on the basis of indemnity reinsurance only and, therefore, our price is not appropriate for assumption reinsurance. Assumption reinsurance is not, in our opinion, a cost effective, workable solution because it will entail substantial time and costs without any guarantee that all policyholders will agree to the assumption. We believe that this will not achieve Equitable's goal of being 100% out of the business and the resulting dual "ownership" of the policies will be a logistical nightmare.

(ii) Comments on the Draft Agreements

The agreements are drafted with assumption reinsurance in mind. While we understand that that is Equitable's ultimate goal, they are not appropriately drafted to suit indemnity reinsurance. Given that, we have the following high level comments regarding the agreements:

- 1) We believe that there should be four documents, i.e., indemnity reinsurance, administration agreement, transition services agreement and a master agreement tying them all together.

CENTRE

- 2) The master agreement we have in mind is significantly different from the acquisition agreement you sent to us in that it is simpler and much of the asset transfer wording is taken out of it. This agreement could also say that we agree to work in good faith towards an assumption agreement.
- 3) With respect to the reinsurance agreement:
 - a) This is the key document, not the acquisition agreement and, as such, we would like to see it on more of a stand-alone basis. For example, in the current format, the premium references a value in the acquisition agreement and the definitions are scattered in multiple documents.
 - b) References to assumption reinsurance need to be removed, other than as a limitation on the term.
 - c) Examples of some specific items whose treatment we do not agree with or have issue with include ceding commissions, dividend payments, definition of subject losses and guaranty fund assessments.
- 4) With respect to the administration agreement, we will be using a Third Party Administrator (an affiliate, Disability Management Services) and the agreement needs to be modified slightly to accommodate this. For example, they are required by law to identify themselves as a TPA and not as Equitable in certain communications with policyholders. They will also need access to various documents and marketing materials (the current agreements contemplate that the reinsurer and administrator are the same entity and, therefore, do not provide this access to the TPA). In addition, we expect that there needs to be a transition period wherein UnumProvident continues to manage the claims and policies until DMS takes over.

We have many specific comments and changes that are best left to the next round of discussions.

(iii) Description of the Legal Entity

With respect to the risk bearing entity, the reinsurer will be Centre Life Insurance Company ("Centre Life"). Centre Life is domiciled in Massachusetts and licensed in all states. It is the former Massachusetts Casualty Insurance Company and has a sizeable book of disability income insurance currently in run-off.

Centre Life is a member of the Centre Group, which in turn is a member of the Zurich Financial Services Group. Please see the attached fact sheet on the Centre Group (Exhibit A).

With respect to the third party administrator, we expect to use Disability Management Services ("DMS") which is located in Springfield, MA, with offices in Syracuse, NY and Boston, MA. The Centre Group owns a 1/3 interest in DMS. We have used them for a number of other similar transactions and are confident that you will find that they will provide superior service to your policyholders. Attached is a short fact sheet on DMS (Exhibit B).

We would expect DMS to begin to take over the claims management in February, 2000 (after the year-end rush is over). We expect that administration will involve a transition period of 12 to 18 months.

CENTRE

(vii) Closing conditions

The specific conditions to close include:

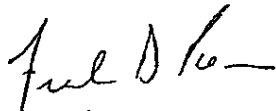
- 1) Satisfactory negotiation and execution of definitive agreements appropriate to the transaction structure as we have proposed: master agreement; transition services agreement; administration agreement and indemnity agreement.
- 2) Completion of due diligence including, among others, data quality audit (inclusive of the systems producing the data), resolution of outstanding actuarial analyses, audit of Tillinghast model.
- 3) Finalization of our pricing based on 1) and 2).
- 4) Receipt of Board approval of the final terms and conditions.
- 5) Receipt of all regulatory approvals.

As a point of clarification, in your September 14 letter, you state that the Equitable "reserves the right, in its sole discretion and without liability therefor, to withhold any or all information...." This is a condition under which we are not willing to continue to work on this transition. If the Centre Group is selected, we would expect that all requested information would be provided to us to the extent possible.

Please call me if you have any questions.

We look forward to hearing from you.

Sincerely,



Frank D. Pierson
CEO
Centre Life Insurance Company

CENTRE

Exhibit A CENTRE GROUP PROFILE

The Centre Group is a pioneer in designing customized programs that help clients solve both their risk management and capital needs, ultimately enhancing shareholder value. The Company's clients include insurance companies, other financial institutions, corporations, and professional partnerships. The Centre Group also provides support for non-recourse project finance, asset finance, leasing transactions, securitization and credit enhancement.

These unique programs, which frequently combine elements of insurance, venture capital, commercial banking and investment banking, can improve financial ratings, increase cash flow, reduce tax liability, increase borrowing capacity, optimize project financing or leasing activities, and enable and enhance the closing of financial transactions.

With the structure of a boutique firm, but the capital and underwriting resources of a large financial services company, the Centre Group can respond rapidly to the risk management and capital needs of large and middle-market companies on a worldwide basis. The Centre Group enters into long term programs with its customers by underwriting insurance policies that transfer asset, credit, event & market risks from clients; providing insurance guarantees as substitutes for traditional forms of capital and credit; and, committing funded or contingent capital in various forms.

Centre is a member of the Zurich Financial Services Group, headquartered in Zurich, Switzerland. The Zurich Financial Services Group is one of the global leaders in the financial services industry, providing its customers with products and solutions in the area of financial protection and asset accumulation. With offices in some 60 countries, Zurich Financial Services reaches over 30 million customers and employs more than 68,000 people. Based on consolidated figures for 1998, the Group achieved gross premiums of more than USD 45 billion and net income of USD 2.8 billion (before special charges relating to merger with BAT). At December 31, 1998, the Group had USD 415 billion under management and USD 23 billion in shareholder's equity.

Ratings: "A" or "Excellent" by A.M. Best Company
"AA" or "Excellent" by Standard & Poor's Corporation

Year-end 1998 financial information:

Assets: \$2.9 billion
Surplus: \$1.2 billion

Customers: Corporations, financial institutions and insurance companies including MONY, UNUM, John Hancock, Sun Life, and many others.

Founded: 1988

Worldwide

Management: David Wasserman, Chief Executive Officer
Thomas Dickson, Chief Underwriting Officer
Frank Pierson, Chief Technical Officer

Office

Locations: Bermuda, Dublin, Hong Kong, London, New York, San Francisco, Sydney, Zurich

Website: www.centresolutions.com

CENTRE

Exhibit B

Disability Management Services, Inc.

Disability Management Services, Inc. ("DMS") is a third party administrator and consulting firm specializing in the management of disability insurance risk. Headquartered in Springfield, Massachusetts, the company was founded in 1995 to meet significant marketplace demand for independent claims management resources capable of optimally managing disability insurance claim outcomes. It is fundamental to the DMS mission to contribute to the profitability of its client companies through the applied practice of pro-active, cost-effective claims management techniques and the provision of efficient, professional administrative services.

Company History

Founded July 24, 1995 by a group of disability insurance claims professionals, DMS established its offices in East Windsor, Connecticut to support the Travelers Insurance Company as a professional third party claims management resource. In June, 1996, DMS entered into a contractual relationship with Employers Reinsurance Corporation to provide third party claims management support to ERC ceding companies. In July, 1996, the company formed a strategic partnership with the Zurich Centre Group. In the first quarter of 1997, DMS contracted with Penn Mutual Life Insurance Company and Central States Health & Life Company of Omaha to provide third party claims management services. In April, 1997, the company relocated its operations to Springfield, Massachusetts. Effective January 1, 1998, DMS contracted with the Mutual Life Insurance Company of New York ("MONY") and Centre Life Reinsurance Limited to manage and administer the MONY disability insurance line of business. DMS established a satellite operation in Syracuse, New York in January, 1998 to service MONY policyholders. In April, 1998, DMS acquired Psychiatric Disability Consultants, Inc. ("PDC"), establishing PDC as a wholly owned subsidiary providing specialized consulting and independent medical examination (IME) appointment services to the disability insurance marketplace. Effective February 5, 1999, DMS contracted with the Massachusetts Casualty Insurance Company ("MCIC") and Centre Solutions (U.S.) Limited to manage and administer the MCIC insurance operations. DMS has established a satellite operation in Boston, Massachusetts in February, 1998 to service MCIC policyholders.

DMS currently employs approximately 130 people in Springfield, Massachusetts, Syracuse, New York and Boston, Massachusetts. The company is licensed to do business in 50 states and has active licenses to function as a third party administrator in all but four states requiring licensure (with applications pending to update licenses in those four states).

CENTRE

What Makes DMS Successful

DMS is geographically located in an area of the country where many of the largest disability insurance carriers were domiciled at the peak of the disability insurance market. As a result, DMS has built a substantial and effective claims management organization by hiring experienced and talented claims professionals and effectively supporting them with qualified legal, medical, financial and IT professionals. Given the competitive cost structure of the company coupled with state-of-the-art technology, DMS has the flexibility to integrate its services in accordance with the needs of its client companies.

Client Companies

Disability Management Services, Inc. currently supports the following companies as a third party administrator and/or as a professional claims management resource:

- The Mutual Life Insurance Company of New York, Syracuse, NY
- Travelers Insurance Company, Hartford, CT
- Penn Mutual Life Insurance Company, Philadelphia, PA
- Central States Health & Life Company of Omaha, Omaha, NE
- New York Life Insurance Company, New York, NY
- MBL Life Assurance Corporation, Newark, NJ
- Federal Home Life Insurance Company, Orlando, FL
- Employers Reinsurance Corporation, Overland Park, KS
- Royal Maccabees Life Insurance Company, Southfield, MI
- Jefferson Pilot Life Insurance Company, Greensboro, NC
- Assurity Life Insurance Company, Lincoln, NE
- ITT Hartford Insurance Company, Simsbury, CT
- Centre Life Insurance Company, New York, NY

CENTRE

CENTRE INSURANCE
CORPORATION
25 WALL STREET
INSURANCE COMPANY
CENTRE LIFE
INSURANCE COMPANY

October 28, 1999

Mr. Mark W. Griffin
Vice President
Goldman Sachs & Co.
85 Broad Street
New York, New York 10004

By fax: 212-346-3895

Dear Mark,

We are pleased to provide this letter in response to your request for a proposal renewing Equitable's direct individual disability income business ("the Business"). This letter will address the items requested.

(i) Cash Consideration

Based on our analysis and due diligence to date, we expect the cash consideration to Centre Life will be \$1.3 billion as of December 31, 1998. This figure is still subject to significant uncertainty (both up and down) due to data quality issues that we are currently discussing with Equitable. Based on our current understanding of the issues, we are not optimistic that the final price will drop below \$1.2 billion. We received information yesterday that Equitable believes conditions errors and is investigating; if it is correct, our price could increase significantly.

This figure is subject to a couple of adjustments, namely,

- 1) since we are using projections from 12/31/98, the price needs to be adjusted to take into account the actual cash flows from that date to the closing date, and
- 2) it does not include any consideration for due under the terms of Unum-Pro-ident Administration Agreement.

We are bidding on the basis of indemnity reinsurance only and, therefore, our price is not appropriate for assumption reinsurance. Assumption reinsurance is not, in our opinion, a cost effective, workable solution because it will entail substantial time and costs without any guarantee that all policyholders will agree to that assumption. We believe that this will not achieve Equitable's goal of being 100% out of the business and the resulting dual "ownership" of the policies will be a logistical nightmare.

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- 1) We believe that there should be four documents, i.e., indemnity reinsurance, administration agreement, insurance services agreement and a master agreement tying them all together.

A member of the  PricewaterhouseCoopers Group

TRANSMISSION REPORT

THIS DOCUMENT WAS CONFIRMED
(REDUCED SAMPLE ABOVE - SEE DETAILS BELOW)

** COUNT **

TOTAL PAGES SCANNED : 6
TOTAL PAGES CONFIRMED : 6

*** SEND ***

No.	REMOTE STATION	START TIME	DURATION	#PAGES	MODE	RESULTS
1	Goldman, Sachs & Co.	10-28-99 8:42AM	2'07"	6/ 6	EC	COMPLETED 14400

TOTAL 0:02'07" 6

NOTE:

No. : OPERATION NUMBER 4H : 4800H'S SELECTED EC : ERROR CORRECT G2 : G2 COMMUNICATION
PD : POLLIED BY REMOTE SF : STORE & FORWARD RI : RELAY INITIATE RS : RELAY STATION
MB : SEND TO MAILBOX PG : POLLING A REMOTE MP : MULTI-POLLING RM : RECEIVE TO MEMORY

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EQUITABLE

Member of the Global



Group

The Equitable Life Assurance Society of America

Disability Income Business

Information Materials

Goldman, Sachs & Co.
August 1999

Disclaimer

This information package contains confidential information regarding The Equitable Life Assurance Society of America. By accepting this information, the recipient agrees that it will cause its directors, officers, employees and representatives to use the information only to evaluate a specific transaction with The Equitable Life Assurance Society of America and for no other purpose, will not divulge any such information to any other party and shall return this information package together with any copies thereof to The Equitable Life Assurance Society of America upon request therefor.

The information contained in this package was obtained from The Equitable Life Assurance Society of America and other sources. Any estimates and projections contained herein have been prepared by the management of The Equitable Life Assurance Society of America and involve significant elements of subjective judgment and analysis which may or may not be correct. Neither The Equitable Life Assurance Society of America nor Goldman, Sachs & Co. makes any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this package, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. This package does not purport to contain all of the information that may be required to evaluate such transaction and any recipient hereof should conduct its own independent analysis of The Equitable Life Assurance Society of America and the data contained or referred to herein. Goldman, Sachs & Co. has not independently verified any of such information and assumes no responsibility for its accuracy or completeness. Neither The Equitable Life Assurance Society of America nor Goldman, Sachs & Co. expects to update or otherwise revise the information package or other materials supplied herewith.

Table of Exhibits

Transaction Overview	Exhibit I
Overview of Disability Income Business	Exhibit II
Benchmark Cash Flows and Sensitivity Analysis	Exhibit III
Active Lives — Summary Statistics	Exhibit IV
Disabled Lives — Summary Statistics	Exhibit V
Claims Frequency Analysis	Exhibit VI
Claims Termination Analysis	Exhibit VII
Policy Persistency Analysis	Exhibit VIII
Sensitivity Analysis Cash Flows	Appendix A
Diskette with Cash Flows	Back Cover

Transaction Overview

The Transaction:

- The Equitable Life Assurance Society of America ("The Equitable") has engaged Goldman, Sachs & Co. to assist in the disposition of its Individual Disability Income business
- The Equitable intends to sell all the Individual Disability Income written under its terms prior to July 1994. The business is currently administered by the Provident Life Insurance Company
- The transaction will be in the form of an indemnity and/or assumption reinsurance agreement with an upfront cash payment. Interested parties will submit final bids by noon, October 13
- The subject book of business has over \$1 billion of statutory reserves and produced approximately \$112 million of premiums in 1998

Benefits of the Transaction:

- 70% of the statutory reserves for the book of business are reserves against disabled lives and only 30% of statutory reserves represent active lives, reflecting the relatively seasoned nature of the book
- The nature of the block of business will allow the winning bidder to manage a long duration asset portfolio with modest liquidity requirements
- The block of business offers potential economies of scale with respect to administration
- The transaction presents an opportunity to leverage existing infrastructure and significantly expand presence in the disability income business at a low acquisition cost

Transaction Overview

Selling Agent:	Goldman, Sachs & Co. 85 Broad Street New York, NY 10004 212-902-1000			
	Transaction Team:	Contact	Phone	Fax
		Mark Griffin (primary)	212-902-3887	212-357-0926
		David Reilly	212-902-6568	212-357-0926
		Barney Schauble	212-902-9825	212-357-0926
		Per Johansson	212-902-6629	212-357-0926
		Kathy Park	212-902-6387	212-422-9458
				Email
				mark.griffin@gs.com
				david.reilly@gs.com
				barney.schauble@gs.com
				per.johansson@gs.com
				katherine.park@gs.com

Transaction Process Timeline

- Phase 1, August 23 – September 16
 - A small number of Potential Acquirors are contacted to determine interest in and ability to acquire subject business
 - Selected parties are asked to sign a Confidentiality Agreement; and
 - Selected parties receive information on the subject business
 - Initial indication of interest bid due by noon on September 16
 - Potential Acquirors submitting most attractive bids will be chosen to participate in Phase 2
- Phase 2, September 16 – October 13
 - Potential Acquirors receive access to data room
 - Goldman Sachs will conduct due diligence on the Potential Acquirors
 - Final bids due by noon on October 13
- Post Agreement
 - Final due diligence on Acquiror
 - Review and approval by all entities involved
 - Transfer of block of business via indemnity and/or assumption reinsurance

Note: All information provided herein is as of 12/31/1998

The Equitable's Disability Income Business

Summary Description



Time Period	Book of Business	Policy Issuer	Policy Terms	Underwriter	Active Lives Admin.	Disabled Claims Admin.
Pre-July 1993	<u>Existing Book</u>	Equitable	Equitable	Equitable	Equitable	Provident
July 1993 - June 1994	<u>Transition Book</u> <ul style="list-style-type: none"> ■ Paul Revere coinsures all Equitable DI policies issued after July 1993 ■ Equitable retains 20% of the risk 	Equitable	Equitable	Paul Revere	Equitable	Provident
February 1994 (a) - December 1997	<u>Private Label Book</u> <ul style="list-style-type: none"> ■ Policies based on policy forms developed by Paul Revere (purchased by Provident) for Equitable ■ Equitable retains 20% of risk 	Equitable	Provident	Provident	Provident	Provident

(a) Overlap based on when state approvals were received

Reinsurance Term Sheet

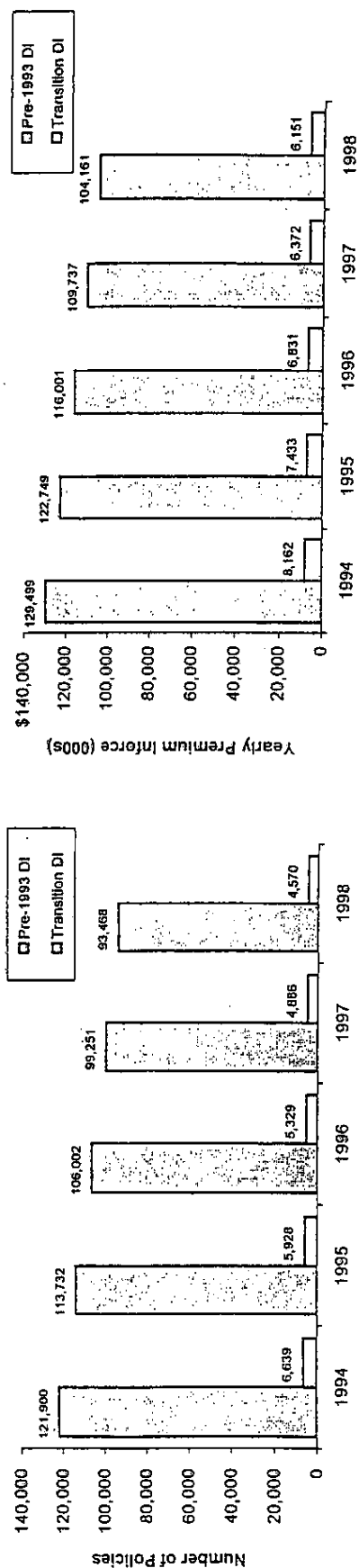
Ceding Company: The Equitable Life Assurance Society of the United States
Reinsurer: Potential Bidder entity
Covered Policies (a)(b): Existing Book: Policies underwritten by Equitable prior to July 1993
 Transition Book: Equitable policies underwritten by Paul Revere from July 1993 through June 1994
Effective Date: _____, 1999
Policy Benefits: Reinsurer will pay policy benefit and benefit from existing reinsurance treaties
Reinsurance Premium: Cash as of effective date
Term and Cancellation: Noncancellable, covering the remaining life of the contracts
Form of Reinsurance: Indemnity leading to assumption reinsurance if permitted by states
Administration: (c) Following an indemnity reinsurance transaction, the claims administration agreement between Equitable and Provident will remain in effect without change. The agreement may be assigned to Bidder by Equitable, subject to Provident's consent in cases where Bidder is non-creditworthy or a direct disability income competitor of Provident

(a) Does not include assumed reinsurance business; estimated reserves as of June 1999 totaled approximately \$139 million.

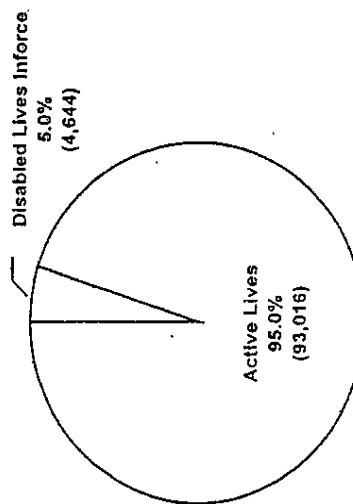
(b) Private label book is not included in experience data or analysis presented herein. Net statutory reserves for private label book as of 12/31/1998 totaled approximately \$6 million.

(c) Bidder may choose to terminate the agreement. Under the agreement, a break-up fee is payable to Provident equal to 50% of the fees paid under the agreement for the preceding calendar year. Seller will be responsible for the payment of this fee if the termination is made at the Effective Date of the indemnity reinsurance. The claims administration agreement will automatically terminate upon sale through assumption reinsurance

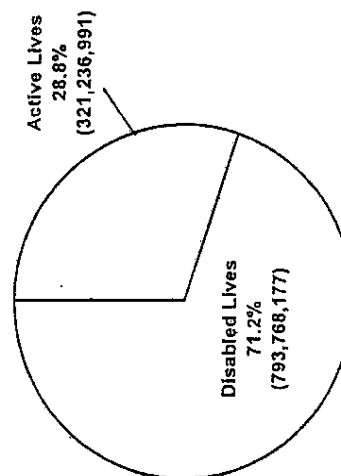
Existing and Transition Disability Income Business (a) Overview



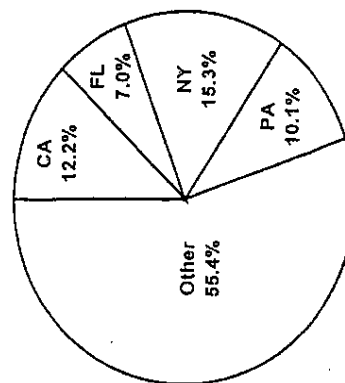
Disability Income Business
By Policy Count (b)



Disability Income Business
By Statutory Reserves (c)



Geographic Distribution
by Monthly Income



- (a) Private Label business has not been included in Equitable experience information or sensitivity analyses. Reserves for Private Label business total approximately \$6.09 million as of 12/31/1998.
- (b) Pie chart excludes buy-sell policies totaling 378 as of 12/31/1998; buy-sell policies are included in bar chart above.
- (c) Reserves are net of reinsurance ceded (approximately \$45.3 million as of 12/31/1998) and include all expense reserves and claim liabilities.

The Equitable's Disability Income Business

Chronology

Period	Event
1961	■ The Equitable begins offering individual disability income policies
1980-1988	■ The Equitable introduces additional features: <ul style="list-style-type: none"> ■ COLA Riders ■ Lifetime Benefits ■ "Own Occupation" definition of disability ■ Guaranteed Insurability Riders
1989-1992	■ Claims experience for the industry underperforms expectations
1993-1996	■ The Equitable enters into marketing, underwriting and administration agreements with Paul Revere
	■ The Equitable closes its Disability Income claims management and underwriting offices in July 1993
	■ Paul Revere assumes responsibility for all Equitable Disability Income claims management and for the underwriting of all Equitable Disability Income Policies applied for after July 1993 (the "Transition Book")
	■ Paul Revere agrees to reinsure all new Equitable Disability Income policies issued after July 1993 with Equitable retaining 20% of the risk
	■ Paul Revere develops new Equitable labeled Disability Income policy forms (the "Private Label Book") with more prudent contract provisions. Equitable agents continue to market the older forms until the necessary state approvals are received, with the transition occurring between February 1994 and June 1994
	■ Equitable continues to provide policy administration (billing, collection, address changes, etc.) for the pre-July 1993 book and transition book of business. Paul Revere assumes active life responsibility for the Private Label Book
1997-1999	■ The Equitable discontinues the Private Label product line, and enters into a marketing agreement with Provident (which purchased Paul Revere) that provides The Equitable agents with the ability to sell Provident's disability income products
	■ The Equitable enters into arrangement with Provident to administer the claims management of its existing book of Disability Income business

Basic Policy and Optional Rider Coverage

Overview (a)

Basic Policy

- The basic policy provides for a monthly income benefit in the event that the insured is Totally Disabled (b)(c)
- Benefits generally run for life or for certain policies to age 65. The benefit period may vary by the cause of disability (accident vs. sickness) and the age of the insured at the onset of disability
- Premiums vary based on the age, sex and occupation class of the insured
- Premiums are payable to age 65, and guaranteed not to change while the policy remains in force
- Coverage terminates at age 65
- There are no non-forfeiture values on disability income insurance policies
- Monthly income statistics included herein exclude disability buy-sell face amounts to avoid distortion (c)

Optional Riders

- Equitable has offered a variety of Cost of Living Adjustment (COLA) Riders in connection with its Disability Income policies. The riders were available on an optional basis for an additional premium. The riders increased annually the amount of monthly income payable on disability beginning in the second year of disability. There were two main types of riders offered. The first type was available from 1974 to 1988 and provided a fixed annual Cost of Living Adjustment of 6%. The second type was introduced in 1986 and provided a Consumer Price Index (CPI) driven increase subject to a minimum and maximum at either 4 - 6% or 6 - 8%. As of December 31, 1998 there was \$11.8 million of active life monthly income with the fixed COLA benefit and \$53.6 million in force with the CPI linked benefit. (See Baseline Assumptions for modeling treatment of this benefit).
 - Residual Rider provides for reduced payments in the event of partial disability. This generally means the insured is able to work part-time, but not full-time
 - Option to Purchase Additional Monthly Income Rider (Guaranteed Insurability Rider) provides the option to increase benefits at specified times after the policy is issued, regardless of health. Evidence of financial need is required when this option is exercised. Claimants may elect to receive the higher benefit, but the additional coverage does not apply to the current claim. Due to very low current utilization, the projections in Exhibit III and Annex A assume no further Guaranteed Insurability Rider elections after 12/31/1998
- (a) This general description does not cover all variations. For example, special policy provisions are available for business sales (buy-sell agreements and overhead expense policies). (See also (c) below).
- (b) Total disability is the inability to perform the duties of any occupation for which the insured is qualified with regard to education, experience or prior earnings. A more liberal definition, in which the insured is unable to perform the duties of his or her own occupation, is provided for in many policy forms.
- (c) Equitable marketed disability buy-sell policies designed to replace the lost value to a business owner caused by a long term disability. The benefit is a lump sum payment of the face amount payable at disability durations of 1, 2 or 3 years. The face amounts sold ranged from \$15,000 to \$1,000,000 with an average of \$250,000. At 12/31/1998, there were 378 of these policies in force with an annualized premium of \$600,000

Individual Disability Income Reinsurance Arrangements – Risk Mitigation

The following excess coverage reinsurance provides meaningful downside protection should experience worsen:

- Excess Coverage Reinsurance: In 1987, Equitable began reinsuring disability income policies with large amounts of monthly income with Paul Revere on a level premium extended elimination period basis. The reinsurance benefit generally was 50% of monthly income in excess of a base amount payable after the insured had been disabled for two years. The reinsurance percentage, base amount and maximum coverage limits have varied slightly from 1987 to present. *Excess reinsurance coverage provides proportionately greater benefits in periods of adverse morbidity.*
- Transition Business Reinsurance: From July 1993 through approximately June 1994 Equitable co-insured all new disability income business with Paul Revere, with Equitable retaining 20% of the risk.

	Excess Coverage	Transition Business
<u>Active Lives</u>		
Total Number of Policies	2,680	4,526
Total Statutory Reserve Credit (\$ 000s)	\$6,814.1	\$6,603.3
<u>Disabled Lives</u>		
Total Number of Policies	141	54
Total Statutory Reserve Credit (\$ 000s)	\$24,837.1	\$7,104.1
TOTAL STAT RESERVE CREDIT (\$ 000s)		\$45,358.6

Baseline Assumptions

Definitions of Baseline

- Claims Frequency (a): ■ The baseline rates of disability are multiples of the 1985 CID-A rates that vary by elimination period and Occupation Class

Occupation Class (CID-A)	Elimination Period	Incidence as % of 1985 CID-A (a)
1	Less than 90 days	102
1	Greater than or equal to 90 days	155
2	Less than 90 days	90
2	Greater than or equal to 90 days	87
3	Less than 90 days	49
3	Greater than or equal to 90 days	62

Claims Termination (b):

% of 1985 CID-A		
Duration	Physicians	Non-Physicians
1 st Year	54	72
2 nd Year	120	120
3 rd Year	110	110
4 th Year	105	105
Years 5+	100	100

- Policy Lapse Rates (c): ■ Rates vary by issue age, sex and 1985 CID-A occupation class (1-3), based on Equitable's experience where available and reflect policy coverage termination at age 65

(a) Refer to Exhibit VI: Claims Frequency Analysis
 (b) Refer to Exhibit VII: Claims Termination Analysis
 (c) Refer to Exhibit VIII: Policy Persistence Analysis

Baseline Assumptions

COLA Benefits:

- Modeled COLA Increase: Total Estimated Conservatism = \$40 million

	Level		CPI Linked	
	6.0%	6.0%	4.0 - 6.0%	6.0 - 8.0%
Active Life	6.0%	6.0%	Estimated Conservatism = \$10 million	6.0%
Disabled Life	6.0%	5.0%	Estimated Conservatism = \$17 million	7.0%
				Estimated Conservatism = \$13 million

Expenses (d):

- 6.5% of incurred claims (present value of new claims)
- 6.5% of claim payments
- 3.5% of premium (includes premium tax)
- Commissions

Policy Year	% of Premium
1	55
2	15
3-6	10
7-10	5
11+	2

Discount Rate:

- Present value of future cash flow discounted at illustrative rate of 7.5%. Illustrative rate based on current yield of long term single A and triple B rated debt of approximately 7.5% with allowance for inclusion of some portion of less liquid, higher risk securities

Projected Cash Outflow Summary ^(a)

Year	Active Lives				Disabled Lives				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Premium	Benefits Paid on 12/31/1998 Actives	Commissions	General Expenses on Actives	= (2)+(3)+(4)-(1) Excess of Claims and Expenses over Premium	Benefits Paid on 12/1998 Disableds	Expenses on Disableds	Net Cash Flow on Disableds	= (5)+(8) Total Net Cash Flow

Notes:

1. Cash flow projections based on "baseline assumptions" as shown on prior page.
2. Active Lives expenses are assumed to be 3.5% of premiums, 6.5% of newly incurred claims and 6.5% of paid claims. Disabled Lives expenses are assumed to be 6.5% of paid claims.
3. Present value of future cash flows discounted at 7.5% unless noted.
4. Cash flows do not reflect reinsurance ceded on excess coverage and Transition business (b).
5. Disabled Lives cash flows include the effect of Disability Premium Waiver Benefits, Accrued Benefits as of 12/31/1998 and claims Incurred But Not Reported (IBNR) as of 12/31/1998.

1.2 (a) Projected Cash Flow Summary describes Present Value of Cash Flows, Scenarios 1 – 9 on the following page and in Appendix A
(b) See separate credit at bottom right on the following page, labeled "12/98 Statutory Reserve Ceded on Excess Coverage and Transition Reinsurance"

Present Value of Cash Outflows

Scenario 1 - Baseline

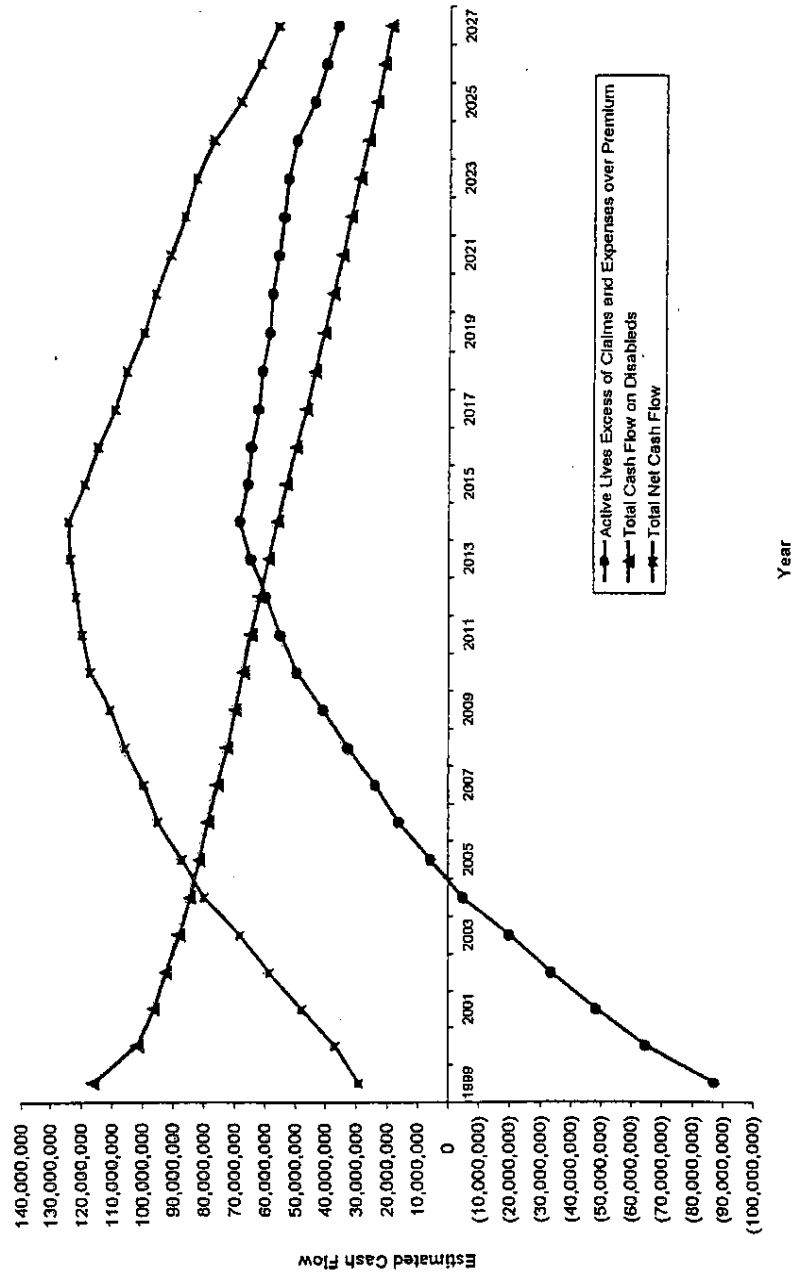
Assumptions	
Claim Frequency	Baseline
Claims Termination	Baseline
Expense Ratio	Baseline

Period	Active Lives Cash Flows					Disabled Lives Cash Flows			Total
	Premiums	Benefit Paid on Policy Loans	Commissions	General Expenses	Excess of Claims	Benefit Paid on Policy Loans	Expenses on Disabled Lives	Total Cash Flow	
Year									
1999	107,367,701	6,426,166	4,074,268	9,959,211	(84,908,024)	109,104,936	7,091,821	116,196,757	29,288,733
2000	98,781,345	20,483,930	2,940,186	10,711,688	(84,655,551)	95,344,282	6,197,378	101,541,660	36,866,109
2001	92,006,942	29,934,449	2,514,692	11,225,007	(48,332,794)	90,324,167	5,871,071	96,195,238	47,862,444
2002	85,708,655	38,292,148	2,237,988	11,688,903	(39,507,608)	86,420,242	5,617,318	92,037,560	56,529,950
2003	80,043,367	46,340,933	1,773,600	12,098,231	(39,830,603)	82,632,536	5,371,115	88,003,651	68,173,048
2004	71,664,897	53,156,019	1,424,002	12,227,780	(4,857,086)	79,339,295	5,157,054	84,496,349	79,839,253
2005	65,428,768	57,780,255	1,297,879	12,168,264	5,817,630	76,317,438	4,980,633	81,298,072	87,095,702
2006	59,428,153	62,305,619	1,175,810	12,120,747	16,174,023	73,748,745	4,793,688	78,542,433	94,710,436
2007	54,831,233	65,534,111	1,083,080	12,126,013	23,911,971	70,989,665	4,613,030	75,602,695	99,494,686
2008	49,859,780	69,537,077	984,186	12,139,297	32,800,780	67,888,959	4,419,282	72,308,241	105,209,021
2009	45,583,704	73,463,601	895,819	11,988,283	40,767,999	65,373,331	4,248,266	69,622,597	110,390,596
2010	40,058,148	77,205,448	780,804	11,700,658	49,840,763	62,868,528	4,092,954	66,961,482	116,702,245
2011	35,906,656	78,650,015	708,849	11,375,170	54,827,378	60,628,220	3,940,834	64,569,054	119,386,432
2012	32,774,171	80,680,952	647,124	11,144,941	59,898,846	57,829,778	3,765,436	61,595,214	121,394,080
2013	29,797,968	82,980,549	588,382	10,912,748	64,683,711	55,063,328	3,578,468	58,641,794	123,315,505
2014	22,789,068	80,428,771	449,307	10,038,237	69,145,249	52,354,190	3,232,367	55,586,551	123,902,461
2015	18,291,496	74,333,521	380,781	9,066,496	62,147,015	48,928,024	3,043,456	51,971,471	118,430,893
2016	15,302,815	70,923,887	301,606	8,439,965	60,921,895	46,822,395	2,834,381	49,656,661	114,228,874
2017	13,291,328	67,284,580	282,122	7,911,641	56,447,639	44,005,916	2,693,585	46,700,501	108,587,424
2018	10,809,396	63,950,355	209,141	7,371,755	57,578,142	41,005,916	2,490,443	43,496,359	104,583,186
2019	8,872,424	60,363,339	174,834	6,781,890	56,447,639	38,314,511	2,312,742	40,627,253	99,252,593
2020	7,311,410	56,406,272	144,134	6,339,146	55,986,454	35,580,641	2,133,081	37,713,722	95,471,525
2021	6,442,226	56,035,040	127,022	5,925,360	55,645,196	32,816,327	1,965,070	34,781,397	90,594,584
2022	5,809,811	54,111,360	114,546	5,570,157	52,741,144	29,426,455	1,795,960	31,222,415	86,183,375
2023	5,174,241	52,570,498	102,018	5,242,869	49,928,715	25,121,325	1,632,888	26,754,211	82,187,578
2024	2,874,571	48,186,671	56,667	4,579,948	44,002,465	22,519,122	1,463,743	23,982,865	76,682,928
2025	1,857,733	41,900,235	30,625	3,923,338	40,166,200	20,173,404	1,311,271	21,484,675	67,965,330
2026	1,221,771	37,877,377	24,086	3,488,508	38,551,619	18,088,242	1,175,736	19,263,977	61,650,875
2027	915,571	34,333,741	18,048	3,115,400	33,080,622	16,088,242	5,004,690	19,263,977	55,815,589
2028	302,907	30,648,009	5,973	2,729,547	29,356,151	15,460,749	0	19,263,977	119,904,601
2029 +	4,063	152,248,581	80	2,356,151	154,600,749	0	0	0	154,600,749
PV at 12/96 at 9.0%	662,690,216	616,226,139	17,005,819	121,397,512	91,941,254	826,065,002	53,673,292	879,738,295	971,679,549
PV at 12/96 at 7.5%	679,235,283	651,538,325	17,358,571	126,260,175	115,921,788	855,091,887	55,556,642	910,648,529	1,026,570,318
PV at 12/96 at 7.0%	696,604,879	689,842,069	17,720,028	131,463,110	142,428,326	886,141,866	57,570,929	943,712,791	1,086,141,119
Less 12/96 Statutory Reserve Ceded on Excess Coverage and Transition Reinsurance									45,356,554
12/96 Present Value at 7.5% of DI Block Net of Reinsurance									981,211,764

Notes:

- (a) Includes terminal reserve of 125,516,048 in year 2029.
 (b) Includes terminal reserve of 65,651,175 in year 2028.
 Disability Premium Waiver Benefits, and claims incurred But Not Reported (IBNR) as of 12/31/1996.

Projected Cash Outflow Baseline Assumption



Note:
Expected cash flows through 2027 only have been illustrated above; cash flows are expected to continue beyond 2027, as presented on the prior page.



Frequency, Termination Rate and Discount Rate Sensitivities

Scenario(a)(b)	1	2	3	4	5	6	7	8	9
Claim Frequency Assumption	Baseline								
Claim Termination Assumption	Baseline								
PV of Premium	\$679,235,283	\$679,637,060	\$678,859,210	\$678,895,020	\$679,068,126	\$678,345,861	\$679,773,505	\$680,203,731	\$679,370,718
PV of Active Lives Claims	651,538,325	696,220,963	610,101,392	603,823,945	645,297,635	555,369,917	699,072,597	746,942,315	654,671,997
PV of Commissions	17,358,571	17,366,585	17,351,067	17,347,661	17,355,103	17,340,895	17,369,440	17,378,022	17,361,403
PV of Active Expenses	126,260,176	133,693,478	119,392,893	118,730,387	125,628,526	112,358,603	133,762,387	141,727,411	126,402,622
Net Active Lives Cash Flow	\$115,921,788	\$167,643,965	\$67,986,142	\$61,206,973	\$109,213,139	\$16,723,353	\$170,430,919	\$226,844,017	\$119,066,303
PV of Disabled Lives Claims	855,091,887	874,265,894	837,099,523	855,091,887	874,265,894	837,099,523	855,091,887	874,265,894	837,099,523
PV of Disabled Expenses	\$55,556,642	\$56,800,850	\$54,380,142	\$55,556,642	\$56,800,850	\$54,380,142	\$55,556,642	\$56,800,850	\$54,380,142
Net Disabled Cash Flow	\$910,648,529	\$931,066,744	\$891,479,665	\$910,648,529	\$931,066,744	\$891,479,665	\$910,648,529	\$931,066,744	\$891,479,665
Total Net Cash Flow Before Reinsurance									
At 8.0%	\$971,679,549	\$1,039,539,977	\$908,485,508	\$919,829,715	\$984,195,472	\$859,884,074	\$1,023,335,697	\$1,094,667,307	\$956,913,918
At 7.5%	1,026,570,318	1,098,710,709	959,465,807	971,855,502	1,040,279,882	908,203,018	1,081,079,448	1,156,910,761	1,010,544,969
At 7.0%	1,086,141,119	1,162,959,810	1,014,768,666	1,028,322,128	1,101,182,917	960,624,059	1,143,741,398	1,224,491,151	1,068,718,140
Reinsurance Ceded Credit	45,358,551	(Excess reinsurance coverage will provide proportionately greater benefits in periods of adverse morbidity)							
PV of Block at 7.5%									
Net of Reinsurance	\$981,211,764								

Refer to Appendix A for detailed cash flows for each scenario.

(a) Except as noted, net present value is calculated using 7.5% discount rate.

15 (b) Scenario 1 (Baseline) includes reinsurance ceded adjustment equal to the 12/31/1998 statutory reinsurance reserve credit of approximately \$45 million. Scenarios 2 through 9 are not adjusted for ceded reinsurance premiums or recoveries.

Lapse Sensitivities — Active Lives

Scenario (a)	1		2 (c)		3 (c)	
	Lapse Rate Assumption	Baseline	Baseline Lapse Rates plus 2%	Baseline Lapse Rates less 2%		
	Present Value of Premium	\$679,235,283	\$612,055,229	\$768,813,472		
	Present Value of Claims	651,538,325	577,186,696	745,889,975		
	Present Value of Commissions	17,358,571	15,919,325	19,300,877		
	Present Value of Expenses (b)	126,260,175	112,269,253	144,071,981		
	Net Present Value	\$115,921,788	\$93,320,045	\$140,449,360		

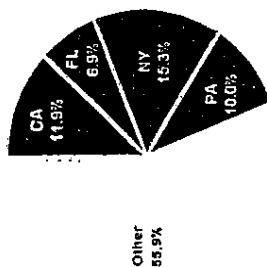
(a) Using 7.5% discount rate.

(b) Expenses are calculated using 6.5% of claims paid and 6.5% of incurred claims plus 3.5% of premiums, which include premium taxes and miscellaneous expenses.

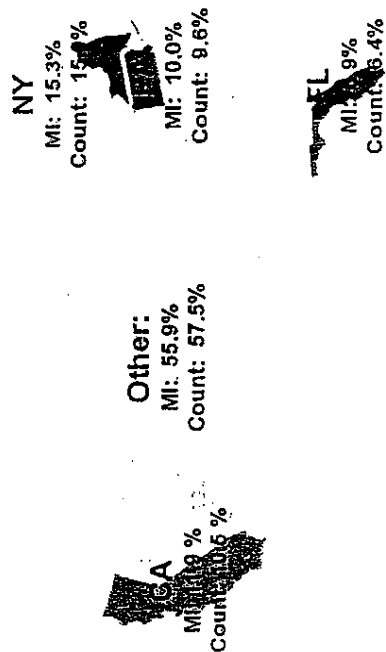
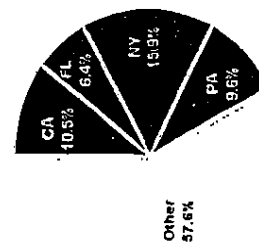
(c) Sensitivities are estimated based on prior analyses.

Geographic Distribution — Active Lives

Physician and Non-Physician By Monthly Income



Physician and Non-Physician By Policy Count



State Abbreviation	Non-Physician	Physician	Both
By Amount of Monthly Income			
Other	\$ 94,098,621	\$30,098,729	\$124,197,350
CA	20,500,081	5,884,167	26,384,248
FL	11,306,906	3,923,468	15,230,374
NY	27,322,210	6,695,460	34,017,670
PA	15,436,807	6,857,791	22,294,598
Total	\$168,664,625	\$53,459,615	\$222,124,240
By Policy Count			
Other	47,046	9,122	56,168
CA	8,791	1,470	10,261
FL	5,167	1,113	6,280
NY	13,350	2,200	15,550
PA	7,265	2,136	9,401
Total	81,619	16,041	97,660

Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Attained Age Distribution — Active Lives

By Amount of Monthly Income	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
Central Age						
25	250,848	0.1	0	0.0	250,848	0.1
35	25,681,156	15.2	1,694,580	3.2	27,375,736	12.3
45	82,227,124	48.8	24,724,507	46.2	106,951,631	48.1
55	51,175,585	30.3	22,051,098	41.2	73,226,683	33.0
62	<u>9,329,912</u>	5.5	<u>4,989,430</u>	9.3	<u>14,319,342</u>	6.4
Total	168,664,625		53,459,615		222,124,240	

Monthly Income by Central Age

	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
Monthly Income by Central Age						
25	250,848	0.1%	0	0.0%	250,848	0.1%
35	25,681,156	15.2%	1,694,580	3.2%	27,375,736	12.3%
45	82,227,124	48.8%	24,724,507	46.2%	106,951,631	48.1%
55	51,175,585	30.3%	22,051,098	41.2%	73,226,683	33.0%
62	<u>9,329,912</u>	5.5%	<u>4,989,430</u>	9.3%	<u>14,319,342</u>	6.4%
Total	168,664,625		53,459,615		222,124,240	

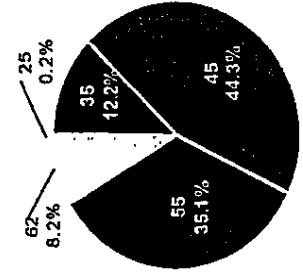
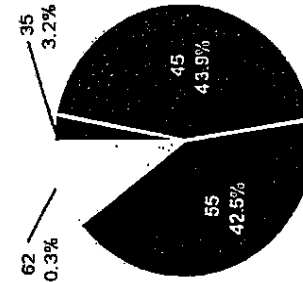
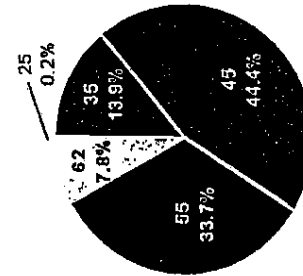
Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Attained Age Distribution — Active Lives

By Count	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
Central Age						
25	157	0.2	0	0.0	157	0.2
35	11,375	13.9	521	3.2	11,896	12.2
45	36,252	44.4	7,035	43.9	43,287	44.3
55	27,494	33.7	6,825	42.5	34,319	35.1
62	<u>6,341</u>	7.8	<u>1,660</u>	10.3	<u>8,001</u>	8.2
Total	81,619		16,041		97,660	

Policy Count by Central Age

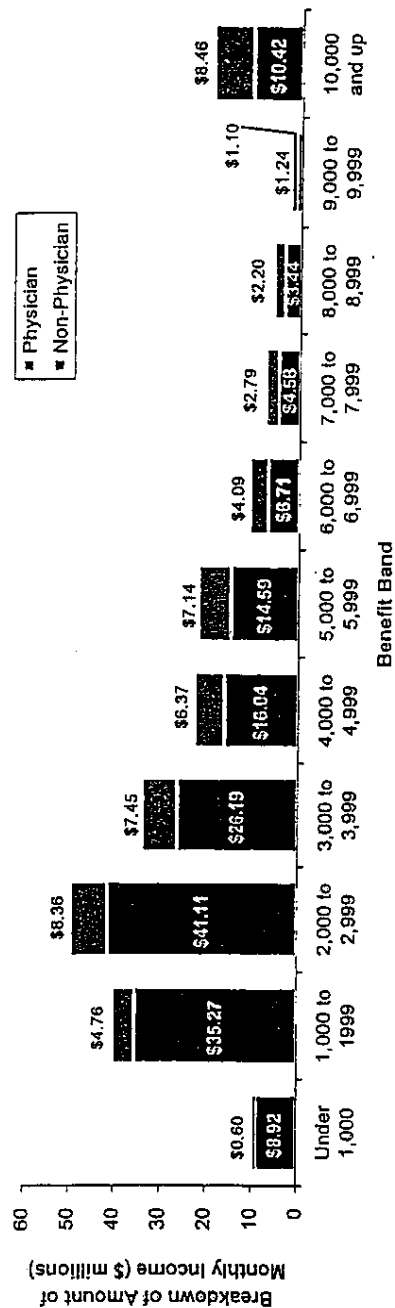
	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
Central Age						
25	157	0.2%	0	0.0%	157	0.2%
35	11,375	13.9%	521	3.2%	11,896	12.2%
45	36,252	44.4%	7,035	43.9%	43,287	44.3%
55	27,494	33.7%	6,825	42.5%	34,319	35.1%
62	<u>6,341</u>	7.8%	<u>1,660</u>	10.3%	<u>8,001</u>	8.2%
Total	81,619		16,041		97,660	



Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Distribution by Insurance Amount — Active Lives

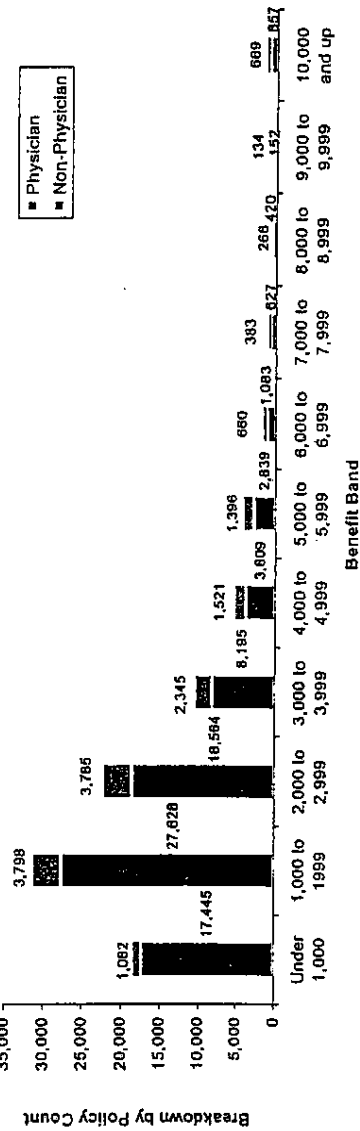
By Amount of Monthly Income	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
Benefit Band						
Under 1,000	8,924,229	5.3	603,614	1.1	9,527,843	4.3
1,000 to 1,999	35,273,195	20.9	4,757,424	8.9	40,030,619	18.0
2,000 to 2,999	41,105,746	24.4	8,363,213	15.6	49,468,959	22.3
3,000 to 3,999	26,189,460	15.5	7,446,754	13.9	33,636,214	15.1
4,000 to 4,999	16,035,231	9.5	6,370,475	11.9	22,405,706	10.1
5,000 to 5,999	14,593,353	8.7	7,140,602	13.4	21,733,955	9.8
6,000 to 6,999	6,713,212	4.0	4,090,429	7.7	10,803,641	4.9
7,000 to 7,999	4,575,209	2.7	2,790,139	5.2	7,365,348	3.3
8,000 to 8,999	3,438,464	2.0	2,203,626	4.1	5,642,090	2.5
9,000 to 9,999	1,396,223	0.8	1,237,144	2.3	2,633,367	1.2
10,000 and up	<u>10,420,303</u>	<u>6.2</u>	<u>8,456,195</u>	<u>15.8</u>	<u>18,876,498</u>	<u>8.5</u>
Total	168,664,625		53,459,615		222,124,240	



Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Distribution by Insurance Amount — Active Lives

By Count	Non-Physician		Physician		Both	
		%		%		%
Benefit Band						
Under 1,000	17,445	21.4	1,082	6.7	18,527	19.0
1,000 to 1,999	27,628	33.8	3,798	23.7	31,426	32.2
2,000 to 2,999	18,564	22.7	3,785	23.6	22,349	22.9
3,000 to 3,999	8,195	10.0	2,345	14.6	10,540	10.8
4,000 to 4,999	3,809	4.7	1,521	9.5	5,330	5.5
5,000 to 5,999	2,839	3.5	1,396	8.7	4,235	4.3
6,000 to 6,999	1,083	1.3	660	4.1	1,743	1.8
7,000 to 7,999	627	0.8	383	2.4	1,010	1.0
8,000 to 8,999	420	0.5	268	1.7	688	0.7
9,000 to 9,999	152	0.2	134	0.8	286	0.3
10,000 and up	857	1.1	669	4.2	1,526	1.6
Total	81,819		16,041		97,860	



Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

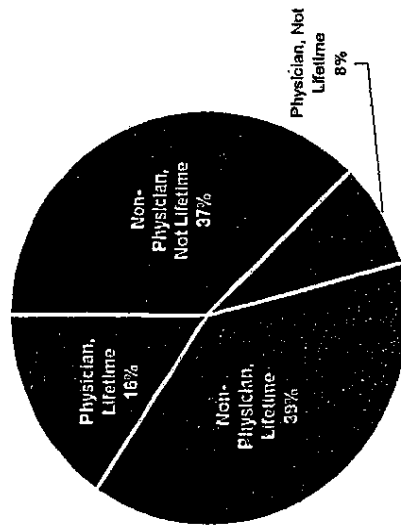
Distribution by Benefit Period — Active Lives

Policies may provide:

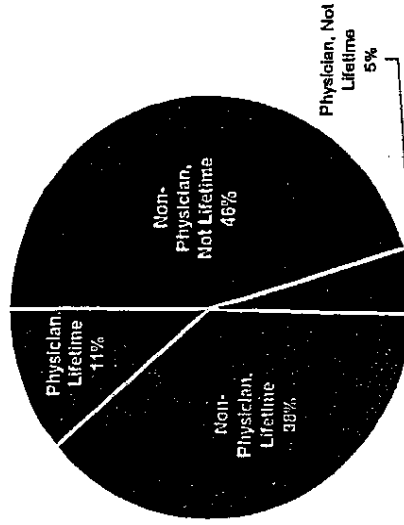
- A lifetime benefit period,
- Benefits for a fixed number of years or to age 65, or
- Lifetime benefits for disability occurring before age 60 but benefits limited to age 65 for disability occurring between age 60-64

Benefit statistics at right were developed assuming each of the active lives became disabled in 1999

By Amount of Monthly Income



By Policy Count



	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
If Disabled in 1999 (a)						
By Amount of Monthly Income						
Not Lifetime	83,286,599	49.4	18,759,813	35.1	102,046,412	45.9
Lifetime	<u>85,378,026</u>	50.6	<u>34,699,802</u>	64.9	<u>120,077,828</u>	54.1
Total	168,664,625		53,459,615		222,124,240	
By Count						
Not Lifetime	44,269	54.5	4,967	31.0	49,236	50.4
Lifetime	<u>37,350</u>	46.0	<u>11,074</u>	69.0	<u>48,424</u>	49.6
Total	81,619		16,041		97,660	

Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.
(a) Data shown assumes current book if disabled in 1999.

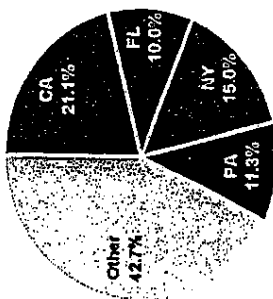
Distribution by Riders – Active Lives

COLA	Residual	GIR	Non-Physician		Physician		Both	
			\$	%	\$	%	\$	%
By Amount of Monthly Income								
No	No	No	47,438,129	28.1	12,495,578	23.4	59,933,707	27.0
No	No	Yes	8,855,439	5.3	1,119,478	2.1	9,974,917	4.5
No	Yes	No	42,387,536	25.1	16,661,274	31.2	59,048,810	26.6
No	Yes	Yes	26,896,069	15.9	5,915,097	11.1	32,811,166	14.8
Yes	No	No	4,745,872	2.8	1,031,851	1.9	5,777,723	2.6
Yes	No	Yes	2,232,974	1.3	254,360	0.5	2,487,334	1.1
Yes	Yes	No	18,262,559	10.8	10,148,658	19.0	28,411,217	12.8
Yes	Yes	Yes	<u>17,846,047</u>	<u>10.6</u>	<u>5,833,319</u>	<u>10.9</u>	<u>23,679,366</u>	<u>10.7</u>
			168,664,625		53,459,615		222,124,240	
By Count								
No	No	No	29,869	36.6	4,139	25.8	34,008	34.8
No	No	Yes	4,013	4.9	261	1.6	4,274	4.4
No	Yes	No	19,790	24.2	5,306	33.1	25,096	25.7
No	Yes	Yes	9,769	12.0	1,516	9.5	11,285	11.6
Yes	No	No	2,546	3.1	326	2.0	2,872	2.9
Yes	No	Yes	1,012	1.2	64	0.4	1,076	1.1
Yes	Yes	No	8,270	10.1	3,042	19.0	11,312	11.6
Yes	Yes	Yes	<u>6,350</u>	<u>7.8</u>	<u>1,387</u>	<u>8.6</u>	<u>7,737</u>	<u>7.9</u>
			81,619		16,041		97,660	

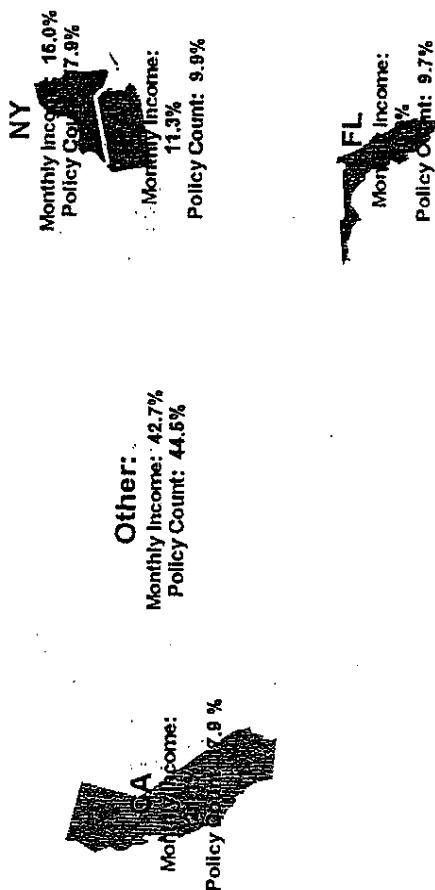
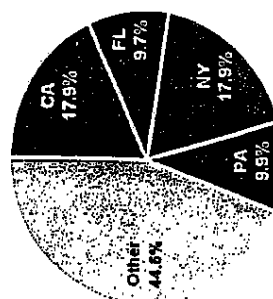
Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Geographic Distribution — Disabled Lives

Physician and
Non-Physician
By Monthly Income



Physician and
Non-Physician
By Policy Count



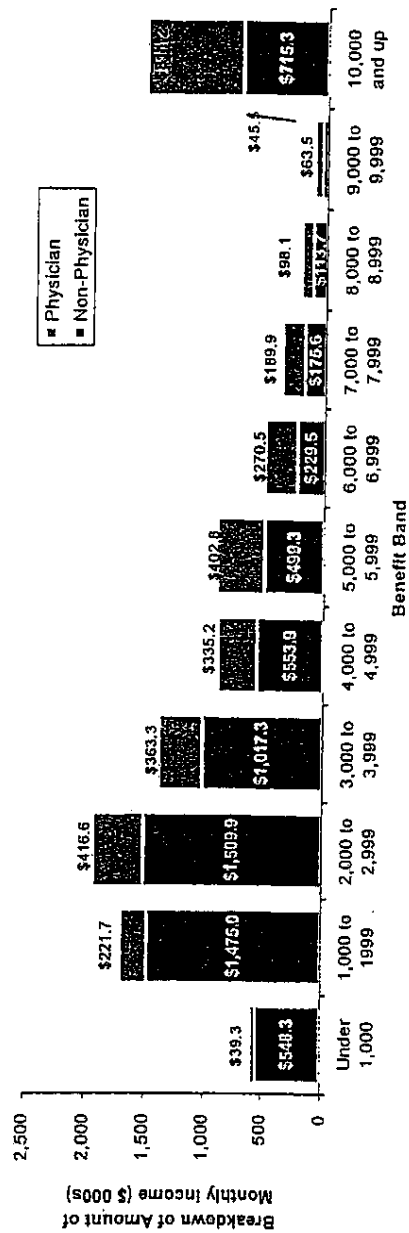
State	Non-Physician		Physician		Both	
	Policy Count	Monthly Income	Policy Count	Monthly Income	Policy Count	Monthly Income
Other	1,741	\$3,227,297	382	\$1,335,788	2,123	\$4,563,085
CA	674	1,300,992	135	743,865	809	2,044,857
FL	253	478,062	132	441,066	385	919,128
NY	809	1,288,744	99	282,981	908	1,571,725
PA	309	588,148	110	408,478	419	996,626
Total	3,786	\$6,883,243	858	\$3,212,178	4,644	\$10,095,421
						858

Distribution by Benefit Period — Disabled Lives

Benefit Period	Residual	COLA	Non-Physician			Physician			Both		
			Policy Count	(%)	Monthly Income (\$)	Policy Count	(%)	Monthly Income (\$)	Policy Count	(%)	Monthly Income (\$)
Lifetime	No	No	1,271	76.8	2,409,313	333	64.5	1,201,725	1,604	73.8	3,611,038
	No	Yes	<u>385</u>	23.2	<u>1,041,033</u>	183	35.5	677,862	<u>568</u>	26.2	<u>1,718,895</u>
			1,656		3,450,346	516		1,879,587	2,172		5,329,933
Non-Lifetime	Yes	No	26	1.2	45,500	11	3.2	41,000	37	1.5	86,500
	Yes	Yes	9	0.4	28,617	15	4.4	52,040	24	1.0	80,657
	No	No	1,908	89.6	2,990,181	283	82.7	1,088,591	2,191	88.6	4,078,772
	No	Yes	<u>187</u>	8.8	<u>368,599</u>	<u>33</u>	9.6	<u>150,960</u>	<u>220</u>	8.9	<u>519,559</u>
			2,130		3,432,897	342		1,332,591	2,472		4,765,488
Total			3,786		\$6,883,243	858		\$3,212,178	4,644		\$10,095,421

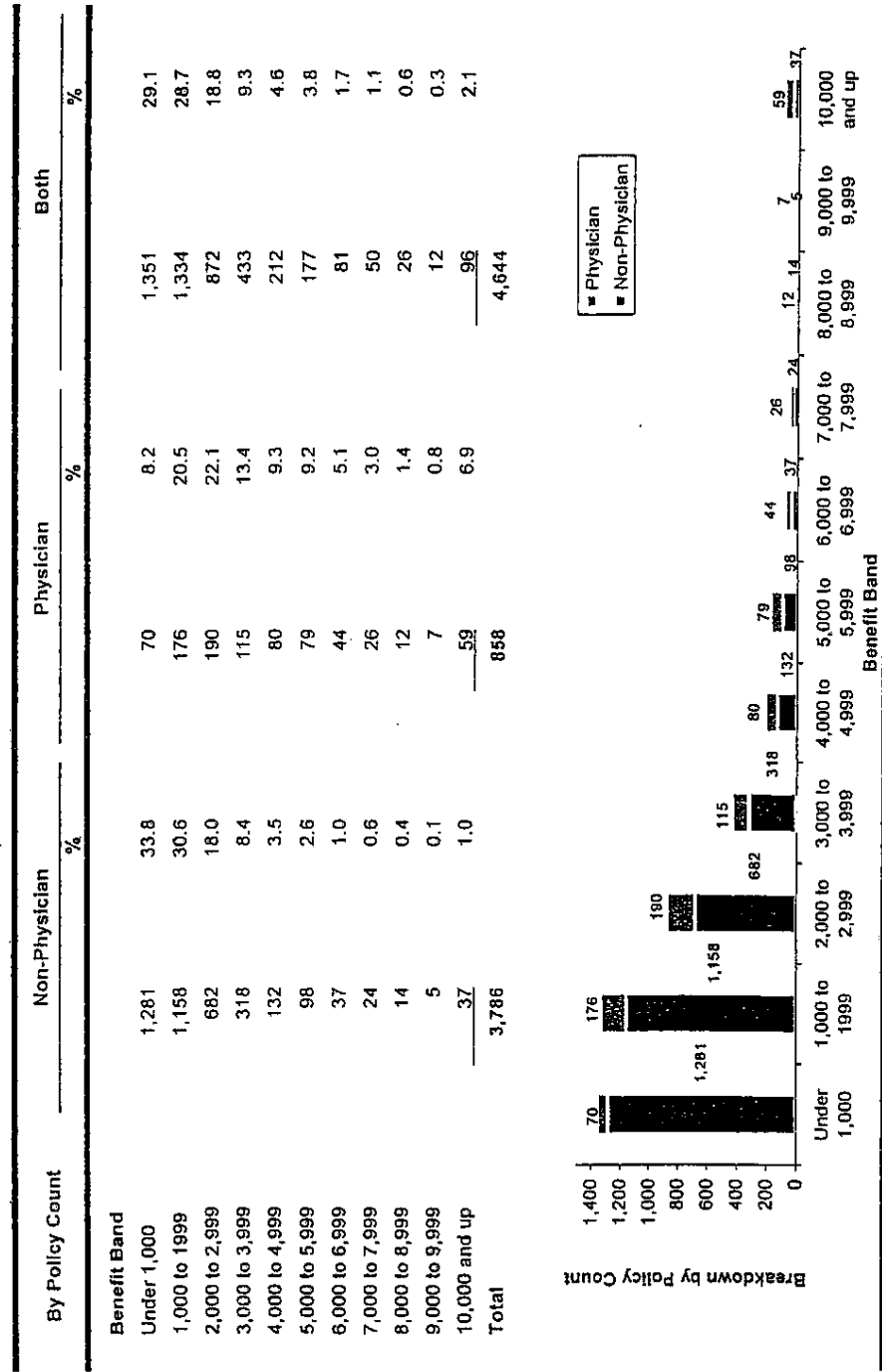
Distribution by Benefit Amount — Disabled Lives

Benefit Band	Non-Physician		Physician		Both	
	\$	%	\$	%	\$	%
By Amount of Monthly Income						
Benefit Band						
Under 1,000	\$ 548,272	8.0	\$ 39,309	1.2	\$ 587,581	5.8
1,000 to 1,999	1,474,954	21.4	221,697	6.9	1,696,651	16.8
2,000 to 2,999	1,509,896	21.9	416,627	13.0	1,926,523	19.1
3,000 to 3,999	1,017,317	14.8	363,348	11.3	1,380,665	13.7
4,000 to 4,999	553,894	8.0	335,211	10.4	889,105	8.8
5,000 to 5,999	499,326	7.3	402,814	12.5	902,140	8.9
6,000 to 6,999	229,504	3.3	270,462	8.4	499,966	5.0
7,000 to 7,999	175,596	2.6	189,873	5.9	365,469	3.6
8,000 to 8,999	113,680	1.7	98,100	3.1	211,780	2.1
9,000 to 9,999	45,496	0.7	63,508	2.0	109,004	1.1
10,000 and up	715,308	10.4	811,229	25.3	1,526,537	15.1
Total	\$6,883,243		\$ 3,212,178		\$10,095,421	



Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Distribution by Benefit Amount — Disabled Lives



Note: Excludes buy/sell policies. Active lives distribution includes both active and disabled lives.

Claim Frequency Experience and Baseline Assumption — Active Lives

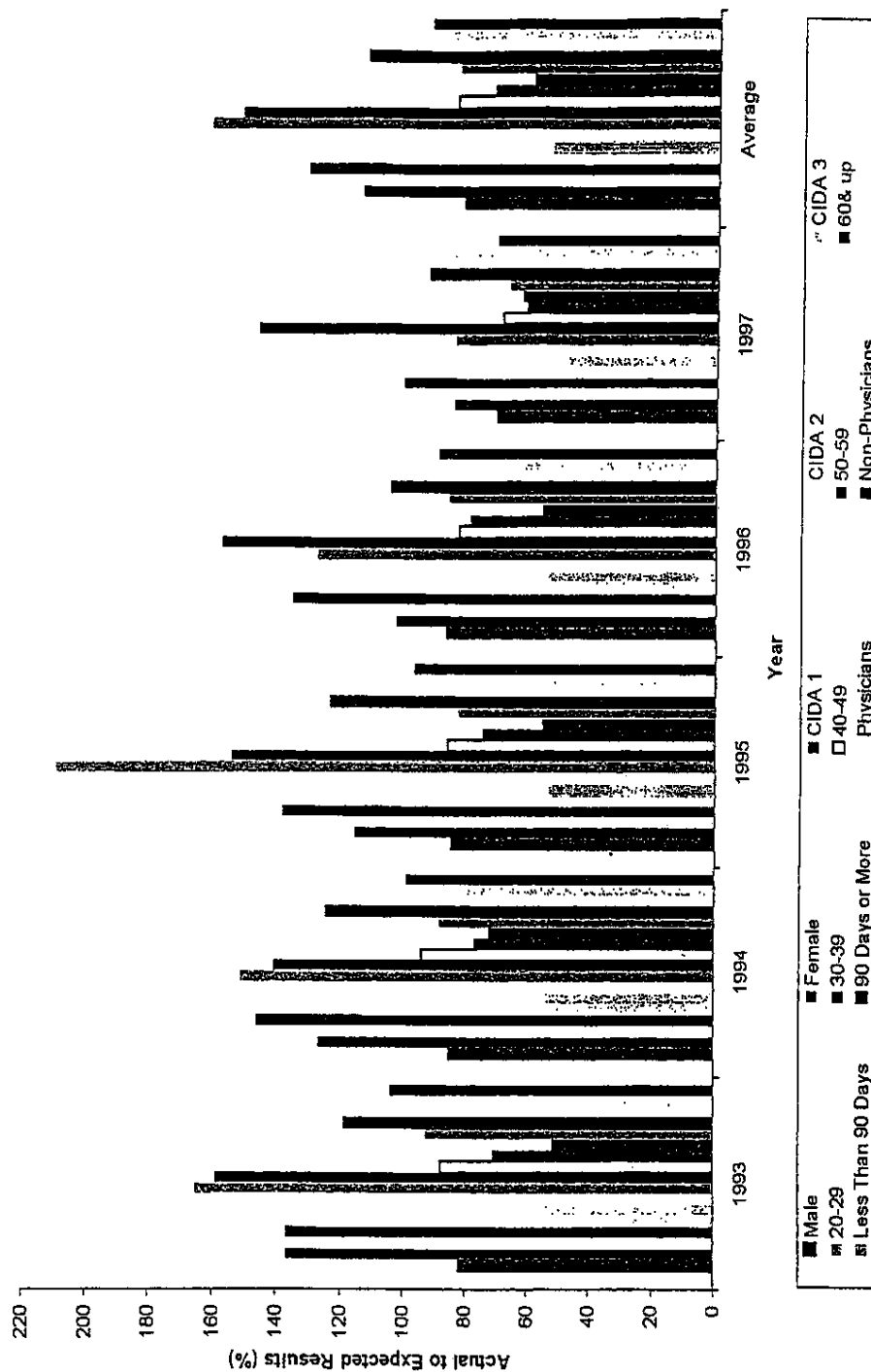
Occupation Class	Elimination Period	Actual vs. Expected (Expected = 100% of 1985 CID-A)							Baseline Assumption (a)	
		1993 (%)	1994 (%)	1995 (%)	1996 (%)	1997 (%)	1998E (b) (%)	1998E (b) (%)	Assumption (a) (%)	
1	Less than 90 Days	120.7	129.5	112.5	126.1	87.4	92.4	92.4	102	
1	90 Days or More	167.5	176.6	183.1	150.7	121.5	193.6	193.6	155	
2	Less than 90 Days	137.7	113.3	109.4	96.3	88.1	86.7	86.7	90	
2	90 Days or More	121.6	112.0	96.2	87.7	77.7	95.8	95.8	87	
3	Less than 90 Days	55.7	50.4	50.4	54.1	44.1	48.5	48.5	49	
3	90 Days or More	<u>59.6</u>	<u>68.0</u>	<u>63.4</u>	<u>54.2</u>	<u>61.8</u>	<u>68.5</u>	<u>68.5</u>	62	
All	All	99.9	99.3	95.2	92.0	75.2	91.0	91.0		

(a) Baseline assumptions calculated as arithmetic mean of 1996, 1997, 1998E.

(b) 1998 figures based on actual claims up to 4/30/1999 adjusted for completion factors developed using historical data.

Claims Frequency Study

Summary Overview

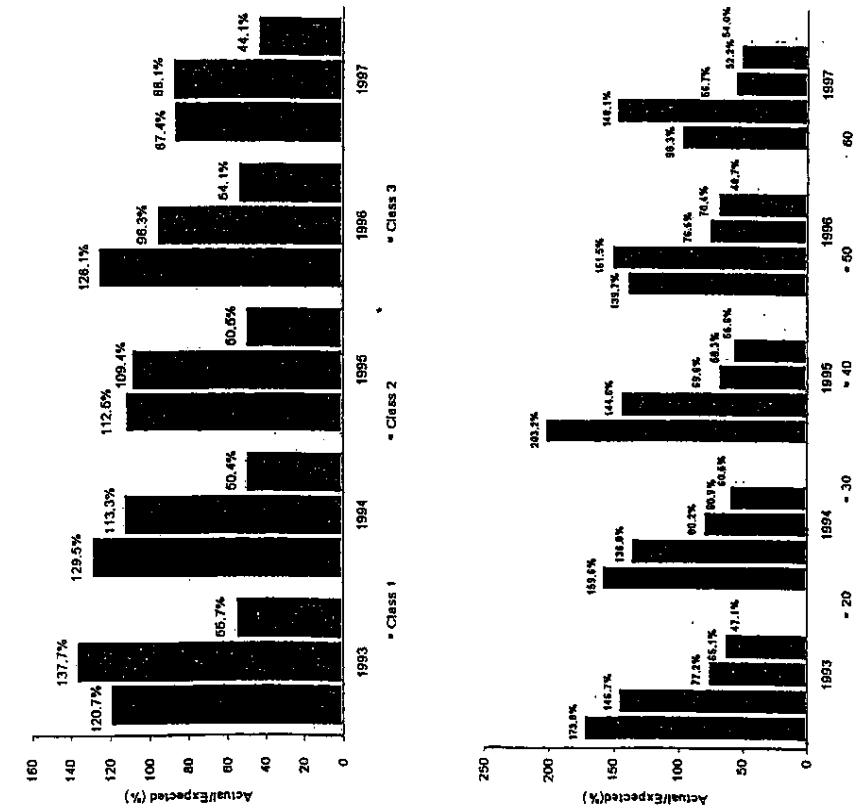


(a) Expected case is 100% of 1985 CID-A



Claims Frequency Study

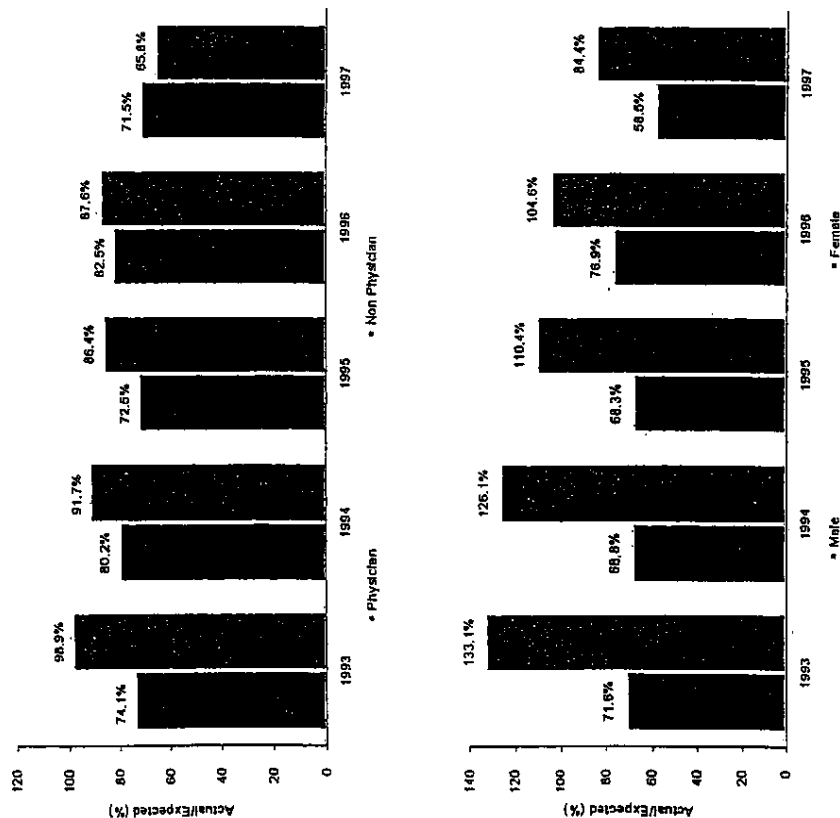
Elimination Period of 90 Days or Less (a)



Class	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
1	120.7	129.5	112.5	128.1	87.4
2	137.7	113.3	109.4	98.3	88.1
3	55.7	50.4	50.5	54.1	44.1
Total	92.8	88.9	83.0	86.3	67.2

Attained Age	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
20	173.8	159.6	203.2	139.7	98.3
30	146.7	136.8	144.6	151.5	148.1
40	77.2	80.2	69.6	76.5	56.7
50	65.1	60.9	58.3	70.4	52.2
60	47.1	50.5	55.6	48.7	54
Total	92.8	88.9	83.0	86.3	67.2

Claims Frequency Study



32 (a) Expected case is 100% of 1985 CID-A.

	1993 - 1997					
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	Actual Expected A/E (%)
Occupation						
Physician	74.1	80.2	72.5	82.5	71.5	2,857,497 3,753,805 76.1
Non Physician	98.9	91.7	88.4	87.6	65.8	9,996,285 11,541,947 88.8
Total	92.8	88.9	83.0	86.3	67.2	12,853,782 16,295,752 84.0
Sex						
Male	71.6	68.8	68.3	76.9	58.5	6,901,885 10,023,201 58.9
Female	133.1	126.1	110.4	104.6	84.4	5,951,897 5,272,551 112.9
Total	92.8	88.9	83.0	86.3	67.2	12,853,782 16,295,752 84.0



Claims Frequency Study

Elimination Period of 90 Days or Greater (a)

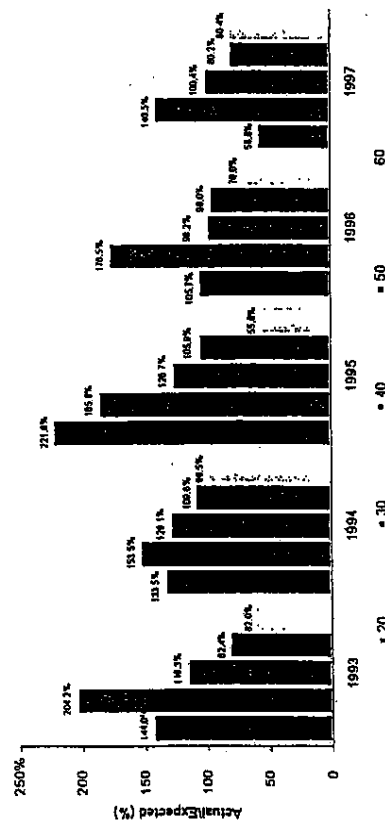
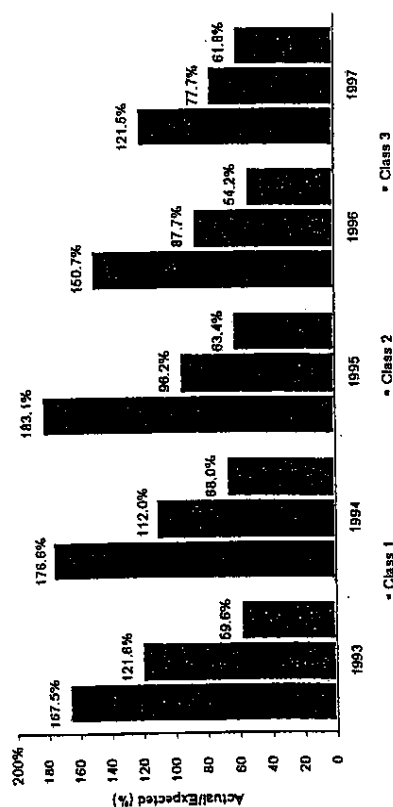
1993 - 1997

Class	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	Actual	Expected	A/E (%)
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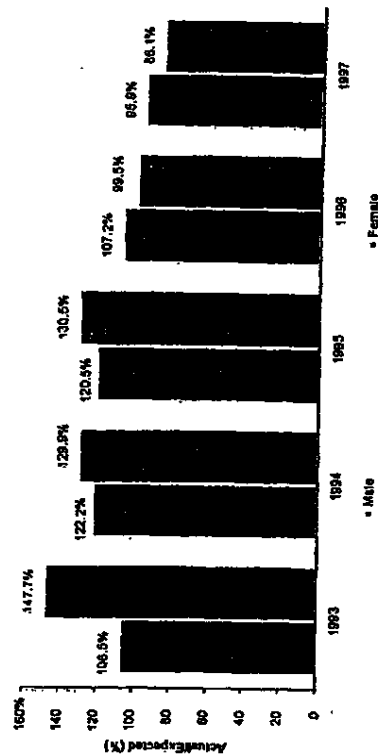
1	167.5	176.6	183.1	150.7	121.5	4,569,103	2,866,376	159.4
2	121.6	112.0	96.2	87.7	77.7	1,330,244	1,338,416	99.4
3	59.6	68.0	63.4	54.2	61.8	1,367,009	2,223,428	61.5
Total	118.6	124.6	123.6	104.9	93.1	7,266,356	6,428,220	113.0

Attained Age

20	144.0	133.5	221.8	105.7	58.8	154,088	104,512	147.4
30	204.2	153.5	185.8	176.5	140.5	1,703,279	971,830	175.3
40	116.3	129.1	126.7	98.2	100.4	2,781,468	2,428,924	114.5
50	82.4	109.6	105.9	96.0	80.2	2,157,915	2,286,828	94.4
60	62.0	98.5	55.8	70.0	80.4	469,606	636,329	73.8
Total	118.6	124.6	123.6	104.9	93.1	7,266,356	6,428,220	113.0



(a) Expected case is 100% of 1985 CID-A.



34 (a) Expected case is 100% of 1995 CID-A.

Claims Frequency Study

Males (a)

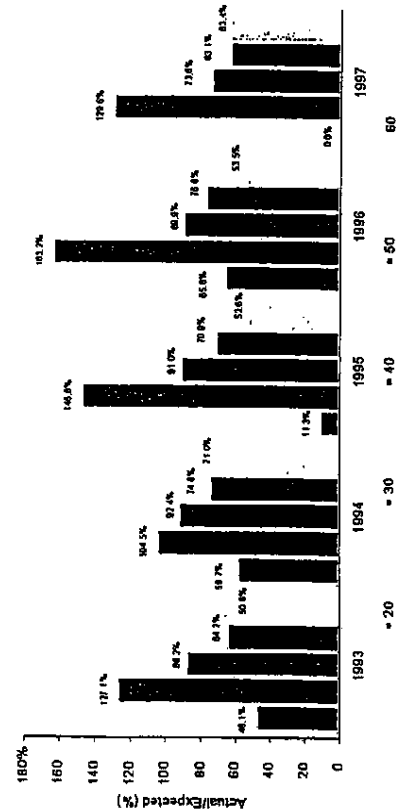
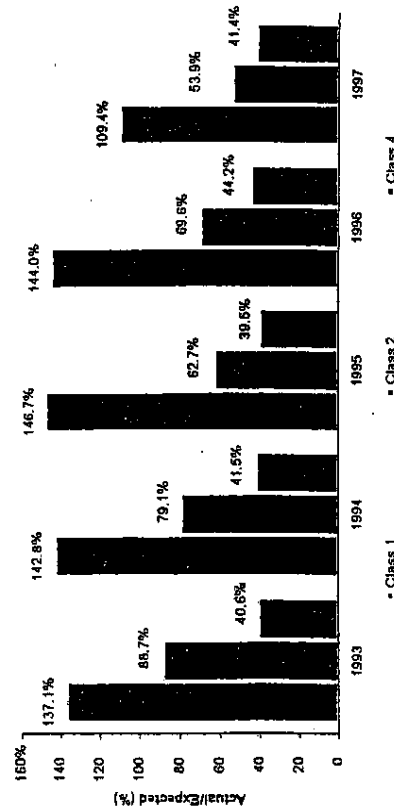


Class	1993 - 1997					
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	A/E (%)

1	137.1	142.8	146.7	144.0	109.4	7,733,406	5,692,400	135.9
2	88.7	79.1	62.7	69.6	53.9	1,157,163	1,623,054	71.3
3	40.6	41.5	39.5	44.2	41.4	2,985,079	7,208,372	41.4
Total	81.8	85.1	84.7	86.7	70.6	11,875,649	14,523,826	81.8

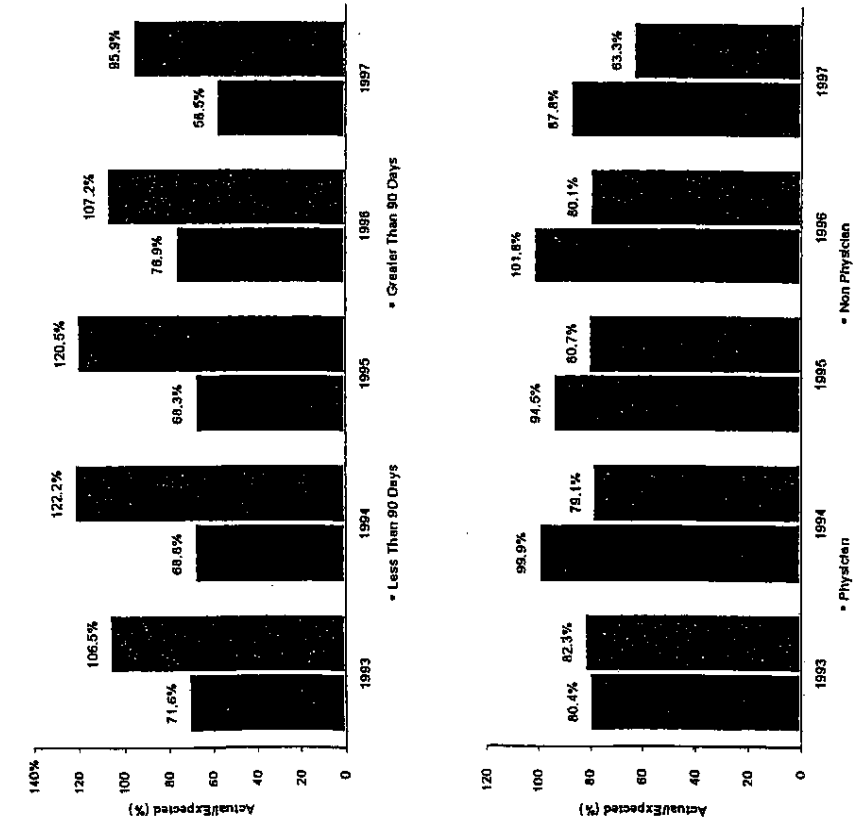
Attained Age

20	48.1	58.7	11.3	65.6	0.0	44,200	98,736	44.8
30	127.1	104.5	146.8	163.2	129.6	2,112,771	1,612,282	131.0
40	88.2	92.4	91.0	89.9	73.8	4,820,545	5,510,112	87.5
50	64.2	74.6	70.9	76.8	63.1	3,659,665	5,534,354	69.7
60	50.8	71.0	52.6	53.5	63.4	1,038,469	1,772,434	58.5
Total	81.8	85.1	84.7	86.6	70.6	11,875,649	14,523,826	81.7



Claims Frequency Study

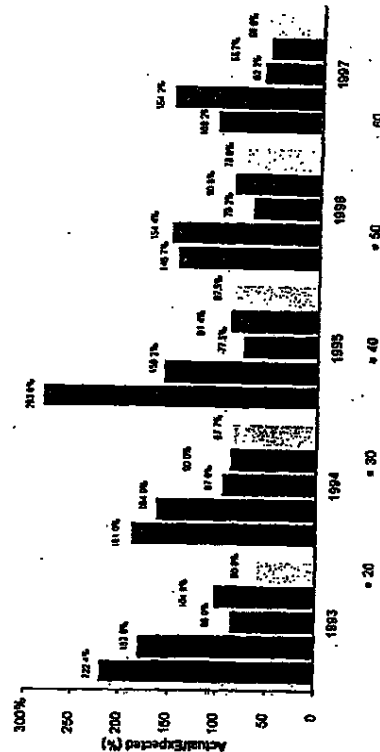
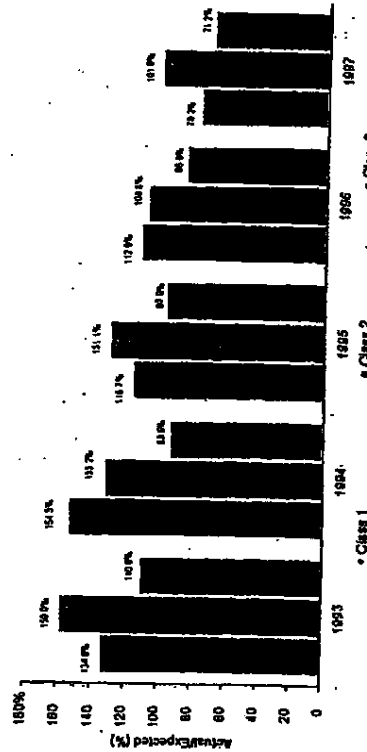
Males (a)



Elimination Period	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
<90	71.6	68.8	68.3	76.9	68.5
≥90	106.5	122.2	120.5	107.2	85.9
Total	81.8	85.1	84.7	86.6	70.6

Occupation	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
Physician	80.4	99.9	94.5	101.8	87.8
Non-Physician	82.3	76.1	80.7	80.1	83.3
Total	81.8	85.1	84.7	86.6	70.6

Claims Frequency Study Females (a)

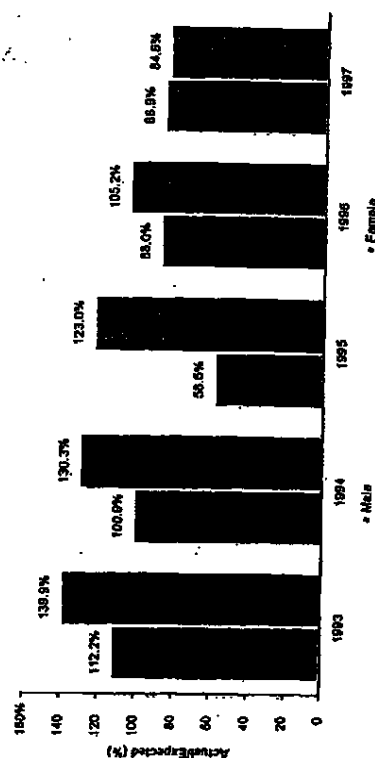
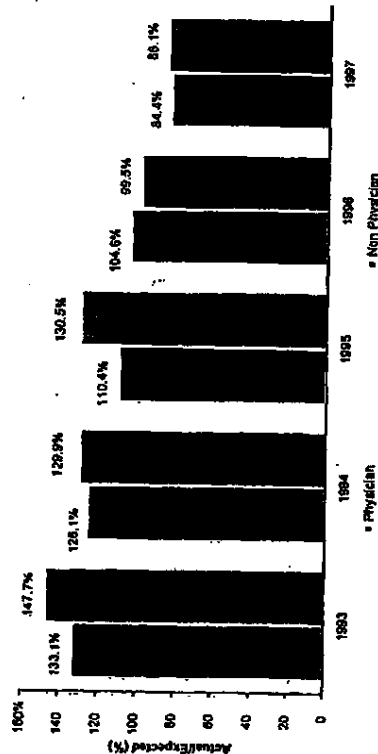


Class	1993 - 1997						
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	Actual	Expected A/E (%)
1	134.8	184.3	116.7	112.9	78.2	2,711,770	2,254,620 120.3
2	159.0	133.2	131.1	108.8	101.9	3,454,178	2,696,265 128.1
3	110.8	93.9	97.0	88.6	71.2	2,078,542	2,245,244 92.6
Total	136.7	127.1	115.9	103.2	84.9	8,244,489	7,196,148 114.6

Attained Age

Attained Age	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	Actual	Expected A/E (%)
20	222.4	191.0	283.8	148.7	108.2	498,008	238,827 210.3
30	192.8	184.9	159.2	154.4	154.2	4,227,365	2,581,328 168.0
40	86.9	97.6	77.8	70.2	62.2	2,389,980	3,012,405 78.7
50	104.8	90.0	91.4	90.6	55.7	1,016,266	1,204,142 84.4
60	90.8	87.7	87.5	78.8	59.9	132,872	181,462 73.2
Total	136.7	127.1	115.9	103.2	84.9	8,244,489	7,196,148 114.6

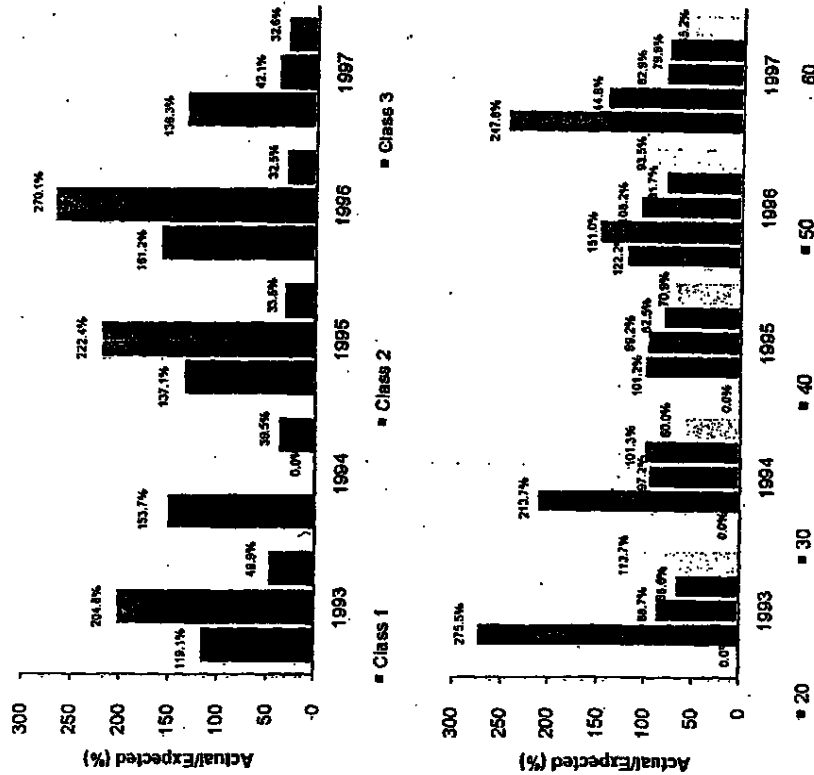
Claims Frequency Study



		1993 - 1997									
		1993		1994		1995		1996		1997	
		A/E (%)	A/E (%)	A/E (%)	A/E (%)	A/E (%)	A/E (%)	Actual	Expected	A/E (%)	A/E (%)
<u>Elimination Period</u>											
<90		133.1	126.1	110.4	104.6	84.4	86.1	5,951,807	5,272,551	112.9	112.9
≥90		147.7	123.9	130.5	89.5	86.1	86.1	2,292,592	1,823,598	119.2	119.2
Total		138.7	127.1	115.9	103.2	84.9	84.9	8,244,489	7,196,147	114.8	114.8

Occupation	112.2	100.8	58.5	88.0	86.9	734,443	816,270	90.0
Physician	112.2	100.8	58.5	88.0	86.9	734,443	816,270	90.0
Non Physician	139.9	130.3	123.0	105.2	84.6	7,510,046	6,375,672	117.1
Total	136.7	127.1%	116.9	103.2	84.9	8,244,489	7,191,949	114.8

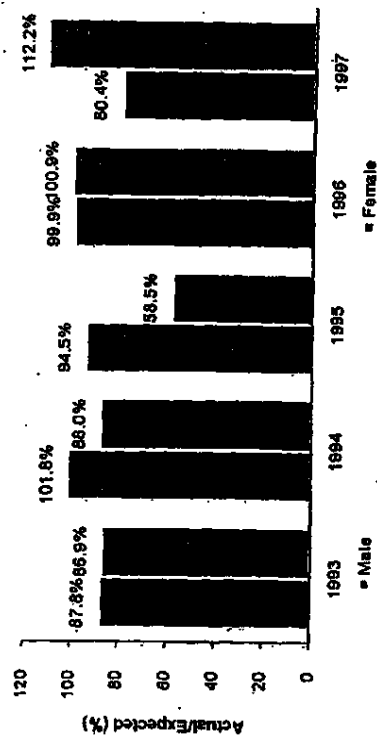
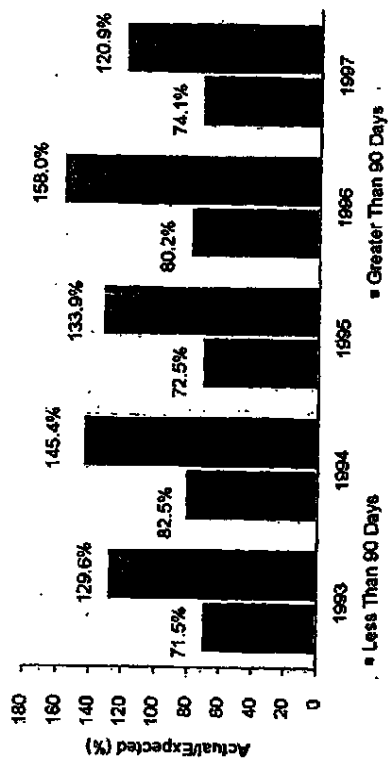
Claims Frequency Study Physicians



Class	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	1993 - 1997	
						Actual	Expected
1	119.1	153.7	137.1	161.2	136.3	3,774,891	2,872,497
2	204.8	0.0	222.4	270.1	42.1	15,900	10,578
3	48.9	39.5	32.5	32.5	32.5	888,745	2,404,219
Total	87.6	99.6	88.7	100.0	85.8	4,689,636	5,087,394

Attained Age	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)	1993 - 1997	
						Actual	Expected
20	0.0	0.0	0.0	1,222.2	247.8	4,700	1,306
30	275.5	213.7	101.2	151.0	144.8	531,591	337,351
40	88.7	97.2	99.2	108.2	82.9	1,882,816	1,979,687
50	88.6	101.3	82.5	81.7	79.9	1,731,500	2,098,642
60	113.7	60.0	70.9	83.5	55.2	539,228	670,425
Total	97.6	99.6	88.7	100.0	85.8	4,689,636	5,087,392

Claims Frequency Study Physicians



Elimination Period	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
<90	71.5	82.5	72.5	80.2	74.1
≥90	129.6	145.4	133.9	158.0	120.9
Total	87.8	99.6	98.7	100.0	86.6
Actual					
<90			2,857,497	3,753,805	76.1
≥90			1,832,138	1,333,589	137.4
Total			4,689,635	5,087,394	92.2

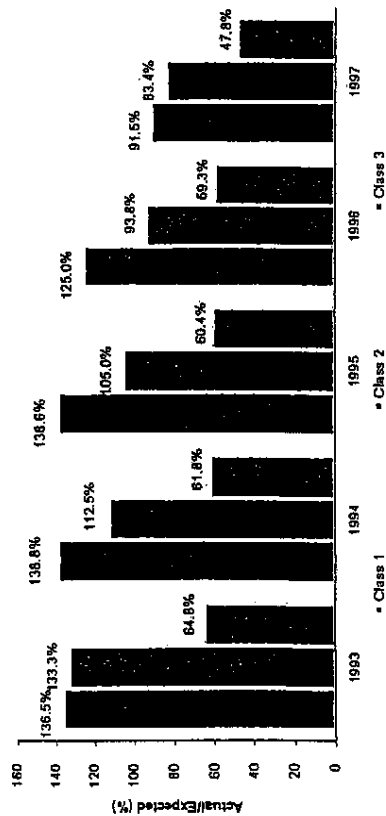
Sex	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
Male	87.8	101.8	94.5	99.9	80.4
Female	86.9	98.0	58.5	100.9	112.2
Total	87.8	99.6	98.7	100.0	86.6
Actual					
Male			3,955,193	4,271,124	92.6
Female			734,442	816,270	90.0
Total			4,689,635	5,087,394	92.2

40 (e) Expected case is 100% of 1995 CID-A.

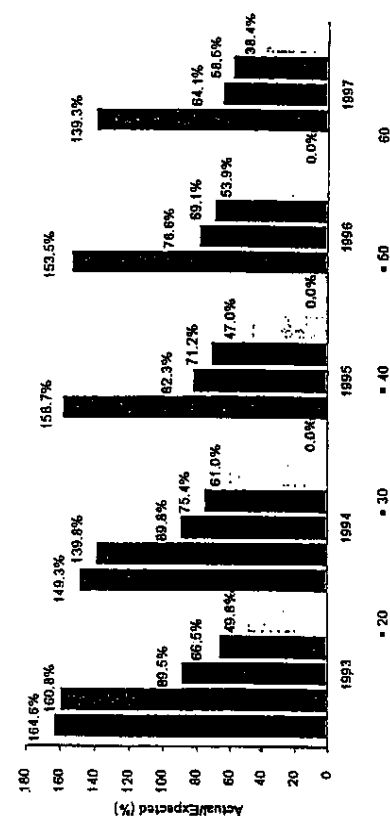


Claims Frequency Study Non-Physicians(a)

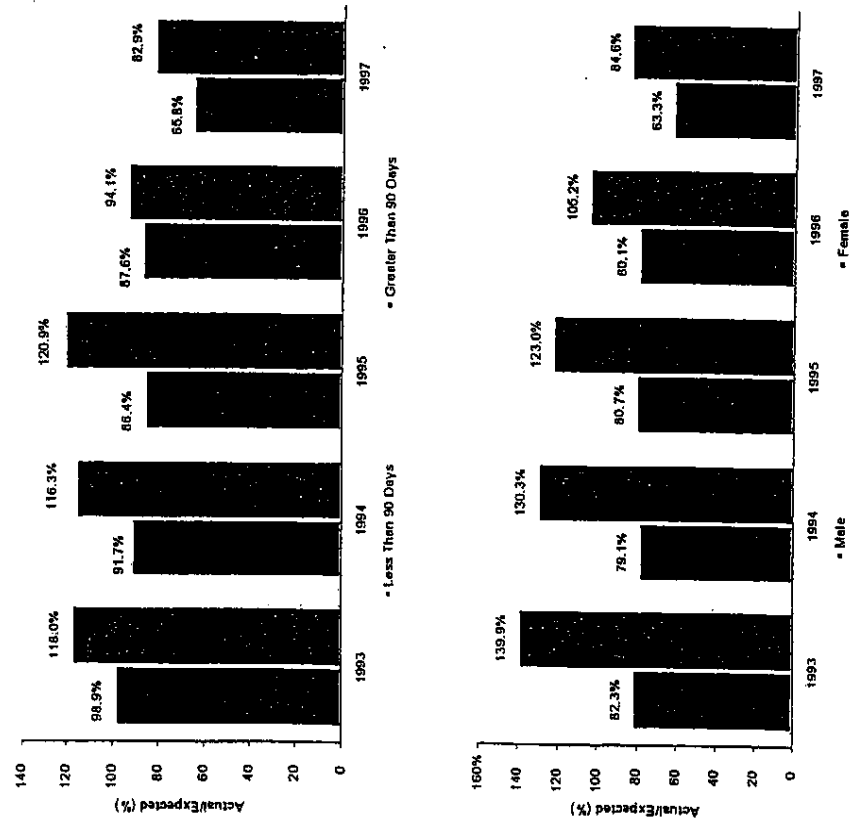
Class	1993 - 1997					A/E (%)
	1993	1994	1995	1996	1997	
	A/E (%)	A/E (%)	A/E (%)	A/E (%)	A/E (%)	
1	136.5	138.8	138.6	125.0	91.5	125.5
2	133.3	112.5	105.0	93.8	83.4	108.6
3	64.8	61.8	60.4	59.3	47.8	59.1
Total	104.3	99.1	97.1	89.6	71.2	92.8



Attained Age	1993 - 1997					A/E (%)
	1993	1994	1995	1996	1997	
	A/E (%)	A/E (%)	A/E (%)	A/E (%)	A/E (%)	
20	164.6	149.3	0.0	0.0	0.0	160.8
30	160.8	139.8	158.7	153.5	139.3	151.4
40	89.5	89.8	82.3	78.6	64.1	81.1
50	66.5	75.4	71.2	69.1	58.5	67.8
60	49.8	61.0	47.0	53.9	38.4	49.3
Total	104.3	99.1	97.1	89.6	71.2	92.7



Claims Frequency Study Non-Physicians(a)



Elimination Period	1993 - 1997				
	1993 A/E (%)	1994 A/E (%)	1995 A/E (%)	1996 A/E (%)	1997 A/E (%)
<90	98.9	91.7	86.4	87.6	65.8
≥90	118.0	116.3	120.9	94.1	82.9
Total	104.3	99.1	97.1	89.6	71.2
					A/E (%)
					Expected
					Actual
<90					
≥90					
Total					

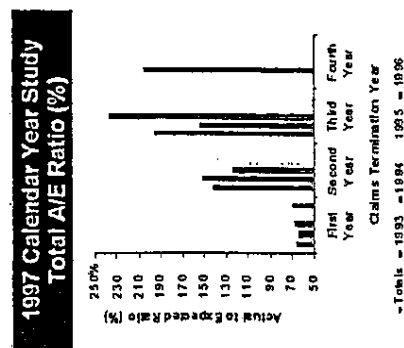
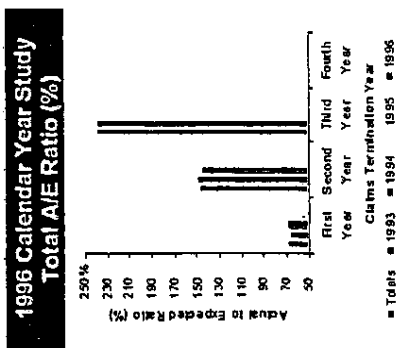
Claims Termination Study

Overview of Actual to Expected Ratios (a)

	1996 Calendar Year Study				1997 Calendar Year Study				Baseline Assumptions	
	Physicians (%)	Non-Physicians (%)	Total (%)		Physicians (%)	Non-Physicians (%)	Total (%)		Physicians (%)	Non-Physicians (%)
First Year										
1993	55.52	71.23	68.12		49.59	69.98	65.94			
1994	56.35	74.30	70.46		55.07	74.88	70.64			
1995	60.42	72.05	69.55		49.86	71.17	66.64			
1996	N.A.	N.A.	N.A.		54.80	77.82	71.97			
Totals	57.29	72.53	69.35		52.43	73.21	68.68		54	72
Second Year										
1993	142.67	153.10	150.77		142.41	159.03	155.16			
1994	139.76	149.92	147.32		106.34	131.40	125.22			
1995	N.A.	N.A.	N.A.		107.38	172.51	155.92			
1996	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.			
Totals	141.20	151.64	149.15		120.04	154.36	146.76		120	120
Third Year										
1993	218.11	248.19	240.88		115.90	170.77	156.42			
1994	N.A.	N.A.	N.A.		365.74	184.13	239.35			
1995	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.			
1996	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.			
Totals	218.11	248.19	240.88		251.31	177.31	198.25		110	110
Fourth Year										
1993	N.A.	N.A.	N.A.		281.93	177.21	208.88		105	105
Fifth Year	N.A.	N.A.	N.A.		N.A.	N.A.	N.A.		100	100

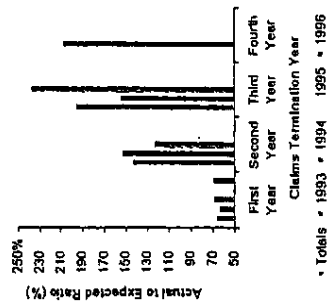
(a) Expected case is 100% of 1995 CID-A.

(b) Baseline assumption for termination year 1 is the truncated arithmetic mean of 1996 and 1997. For fifth and subsequent years, baseline assumptions are set to 100% of 1995 CID-A. For years 2, 3 and 4, baseline assumptions are set to a smoothed blend of 1996 and 1997 experience and 1995 CID-A.



1997 Claims Termination Study

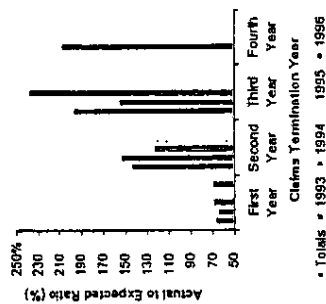
All Policies (a)



Year	In Force Numbers		Actual Terminations		Rate (%)	Amount (\$)	Rate (%)	Amount (\$)	Rate (%)	Amount (\$)	A/E Ratio (b) (%)
	Count	Amount (\$)	Count	Amount (\$)							
1993	2,452	4,598,420									
1994	2,317	4,512,566									
1995	2,002	3,886,692									
1996	1,787	3,636,224									
Total	8,558	16,633,902									
At The End of Year 1											
1993	1,024	2,101,081	1,428	2,497,339	54.31	3,787,123	82.36	65.94			
1994	865	1,930,125	1,452	2,502,441	57.23	3,655,954	81.02	70.64			
1995	811	1,809,591	1,191	2,077,101	53.44	3,117,066	80.20	66.64			
1996	632	1,535,906	1,155	2,100,318	57.76	2,918,475	80.26	71.97			
Total	3,332	7,376,703	5,226	9,267,199	56.65	13,478,618	81.03	68.68			
At The End of Year 2											
1993	548	1,258,041	476	843,040	40.12	543,321	25.86	155.16			
1994	587	1,352,936	278	577,189	29.90	460,927	23.88	125.22			
1995	510	1,141,781	301	667,810	36.90	428,310	23.67	155.92			
Total	1,645	3,752,758	1,055	2,088,039	35.75	1,432,558	24.53	145.76			
At The End of Year 3											
1993	435	1,069,695	113	188,346	14.97	120,414	9.57	156.42			
1994	478	1,059,578	109	293,358	21.68	122,566	9.06	239.35			
Total	913	2,129,273	222	481,704	18.45	242,980	9.31	198.25			
At The End of Year 4											
1993	368	917,247	67	152,448	14.25	72,983	6.82	208.88			

(a) Excludes buy sell policies, transition business, pending claims, "Drop" claims and litigation claims.
 (b) Expected case as 100% of 1985 CID-A.

1997 Claims Termination Study Physicians (a)

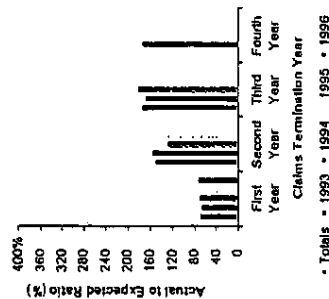


Year	In Force Numbers		Actual Terminations		Rate (%)	Amount (\$)	Rate (%)	Amount (\$)	Rate (%)	A/E Ratio (b) (%)
	Count	Amount (\$)	Count	Amount (\$)						
1993	268	933,911								
1994	271	1,005,434								
1995	232	859,972								
1996	248	957,245								
Total	1,019	3,756,562								
At The End of Year 1										
1993	144	562,200	124	371,711	39.80	749,557	80.26	49.59		
1994	156	574,025	115	431,409	42.91	783,454	77.92	55.07		
1995	137	529,500	95	330,472	38.43	682,758	77.07	49.86		
1996	120	550,455	128	406,790	42.50	742,374	77.55	54.80		
Total	557	2,216,180	462	1,540,382	41.01	2,938,143	78.21	52.43		
At The End of Year 2										
1993	92	382,201	52	179,999	32.02	126,398	22.48	142.41		
1994	119	440,225	37	133,800	23.31	123,498	21.51	108.34		
1995	108	412,350	31	117,150	22.12	109,103	20.60	107.38		
Total	317	1,234,776	120	430,949	25.87	368,999	21.55	120.04		
At The End of Year 3										
1993	84	345,701	8	35,500	9.55	31,493	8.24	115.90		
1994	90	303,925	29	136,300	30.96	37,267	8.47	365.74		
Total	174	649,626	37	172,800	21.01	68,760	8.36	251.31		
At The End of Year 4										
1993	69	283,473	15	62,228	18.00	22,072	6.38	281.93		

(a) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims.
(b) Expected case as 100% of 1985 CID-A.

1997 Claims Termination Study

Non-Physicians (a)



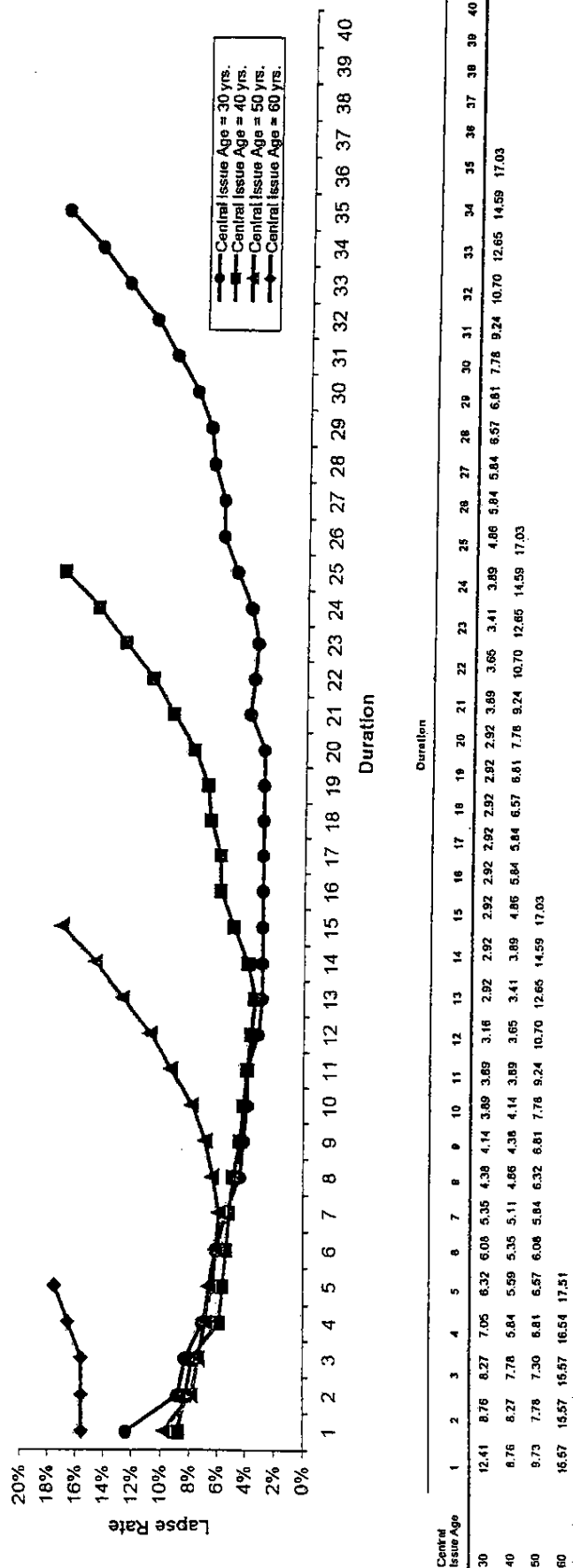
Year	In Force Numbers		ACTUAL TERMINATIONS				Rate (%)	Amount (\$)	Rate (%)	Amount (\$)	Rate (%)	A/E Ratio (b) (%)
	Count	Amount (\$)	Count	Amount (\$)	Count	Amount (\$)						
1993	2,184	3,664,509										
1994	2,046	3,507,132										
1995	1,770	3,026,720										
1996	1,539	2,678,979										
Total	7,539	12,877,340										
At The End of Year 1												
1993	880	1,538,881	1,304	2,125,628			58.01			3,037,566	82.89	69.98
1994	709	1,356,100	1,337	2,151,032			61.33			2,872,500	81.90	74.88
1995	674	1,280,091	1,096	1,746,629			57.71			2,454,308	81.09	71.17
1996	512	985,451	1,027	1,693,528			63.22			2,176,101	81.23	77.82
Total	2,775	5,160,523	4,764	7,716,817			59.93			10,540,475	81.85	73.21
At the End of Year 2												
1993	456	875,840	424	663,041			43.09			416,923	27.09	159.03
1994	488	912,711	241	443,389			32.70			337,429	24.88	131.40
1995	404	729,431	270	550,660			43.02			319,207	24.94	172.51
Total	1,328	2,517,982	935	1,657,090			39.69			1,073,559	25.71	154.35
At The End of Year 3												
1993	351	723,994	105	151,846			17.34			88,921	10.15	170.77
1994	388	755,653	80	157,058			17.21			85,299	9.35	184.13
Total	739	1,479,647	185	308,904			17.27			174,220	9.74	177.31
At the End of Year 4												
1993	299	633,774	52	90,220			12.46			50,911	7.03	177.21

(a) Excludes buy sell policies/transition business/pending claims/drop* claims/litigation claims.
 (b) Expected case as 100% of 1985 CID-A.

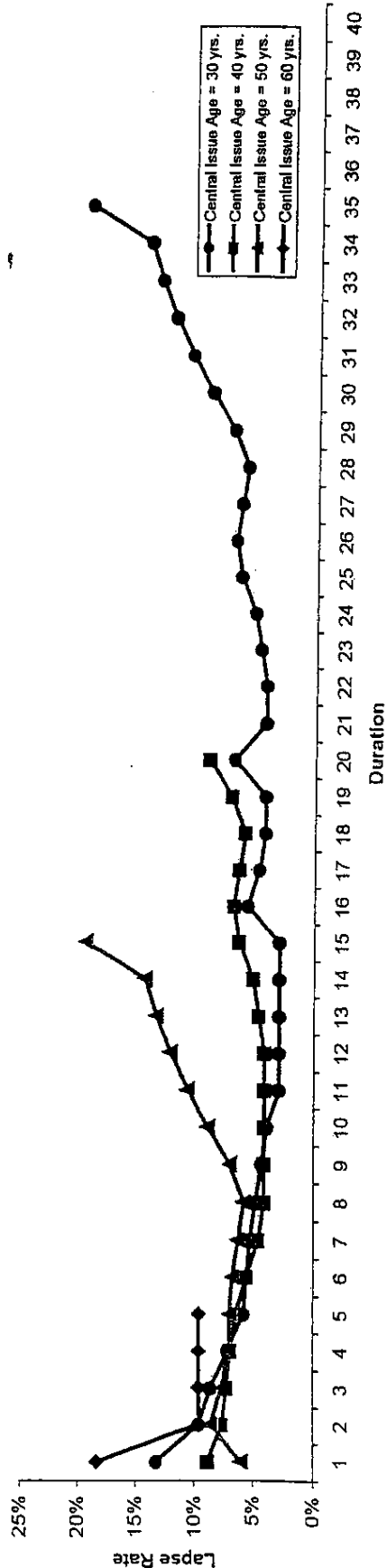


Lapse Rate Baseline Assumptions

1999 Projections (a): Occupation Class 1, Males



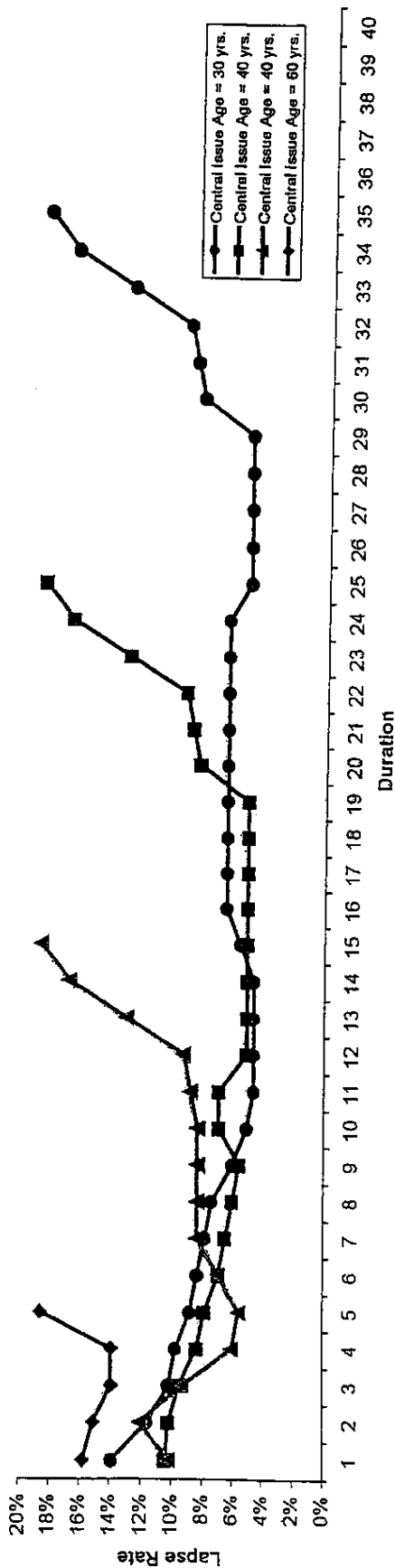
1999 Projections (a): Occupation Class 1, Females



Central Issue	Duration																																										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40			
300	13.26	9.84	8.68	7.23	5.79	5.54	5.30	4.62	4.34	3.66	2.89	2.89	2.89	2.68	2.69	5.54	4.58	4.10	4.10	6.75	4.10	4.10	4.56	5.06	6.27	6.76	6.27	5.79	6.99	6.92	10.61	12.05	13.26	14.22	18.29								
400	8.92	7.71	7.23	6.99	6.51	5.54	4.58	4.10	4.10	4.10	4.10	4.10	4.58	5.06	6.27	6.75	6.27	5.79	6.99	8.92																							
500	6.03	8.68	7.71	6.99	6.99	6.75	6.27	5.79	6.99	8.92	10.61	12.05	13.26	14.22	19.29																												
600	18.32	9.64	9.64	9.64	9.64																																						

Lapse Rate Baseline Assumptions

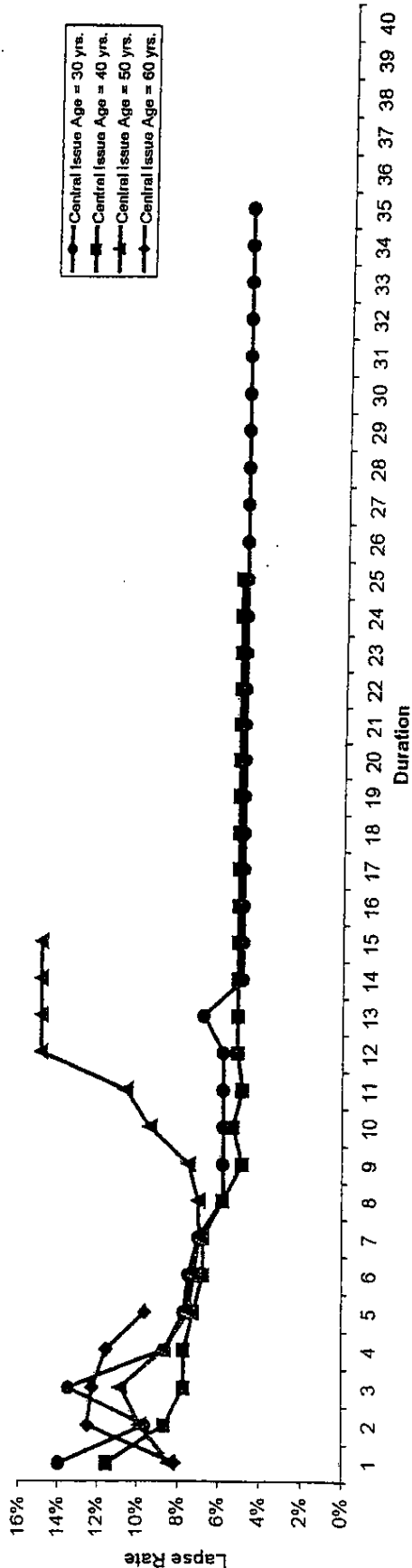
1999 Projections (a): Occupation Class 2, Males



Central Issue Age	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40			
30	13.92	11.80	10.21	9.75	8.82	8.35	7.89	7.43	6.93	5.11	4.84	4.84	4.84	4.84	5.57	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.11	5.11	5.11	5.11	8.35	8.82	9.28	12.99	16.71	18.56									
40	10.44	10.21	9.51	8.95	7.89	6.96	6.50	6.03	5.57	6.96	6.96	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	5.11	
50	10.21	12.07	9.28	6.03	5.57	6.96	6.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	8.35	
60	16.79	15.08	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92	13.92

Lapse Rate Baseline Assumptions

1999 Projections (a): Occupation Class 2, Females



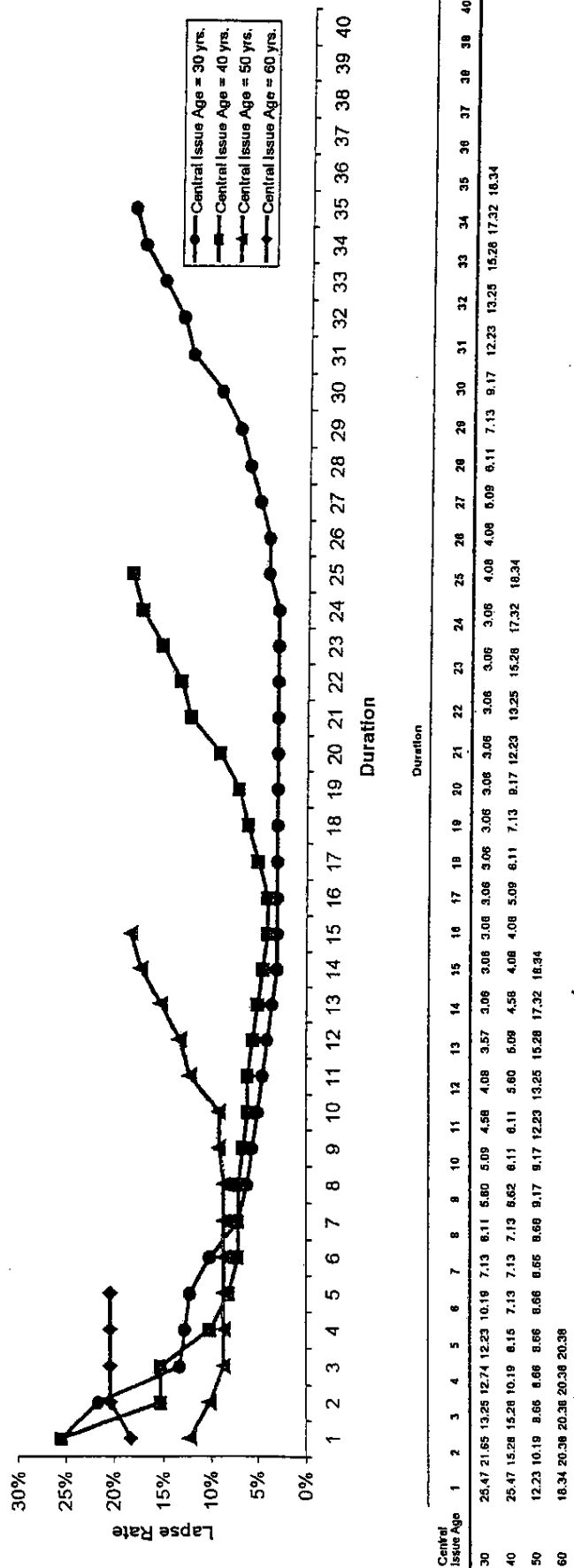
Central Issue Age	Duration																																										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40			
30	13.92	9.60	13.44	8.64	7.68	7.44	6.96	5.76	5.76	5.76	5.76	5.76	6.72	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	
40	11.52	8.64	7.68	7.68	7.20	6.72	6.72	5.76	4.80	5.28	4.80	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04
50	8.40	9.84	10.80	8.64	7.44	7.20	6.81	6.96	7.44	9.36	10.56	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88	14.88
60	6.16	12.48	12.24	11.52	9.60																																						

(a) Coverage terminates at age 65.



Lapse Rate Baseline Assumptions

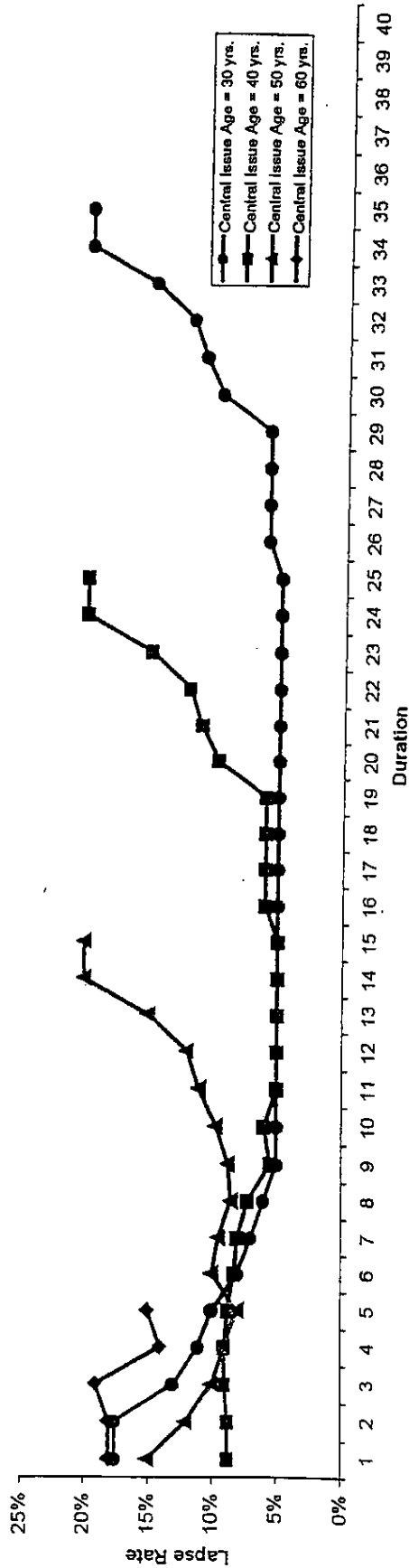
1999 Projections (a): Occupation Class 3, Males



(a) Coverage terminates at age 65.



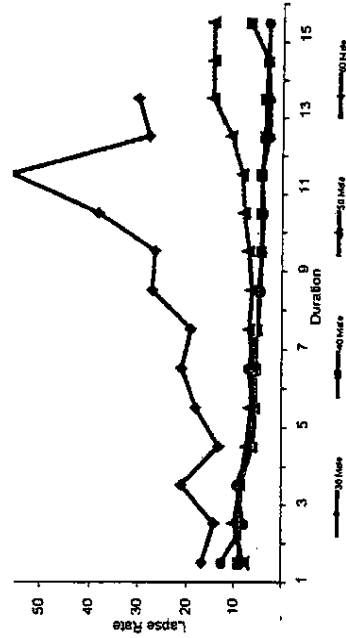
Lapse Rate Baseline Assumptions 1999 Projections (a): Occupation Class 3 Females



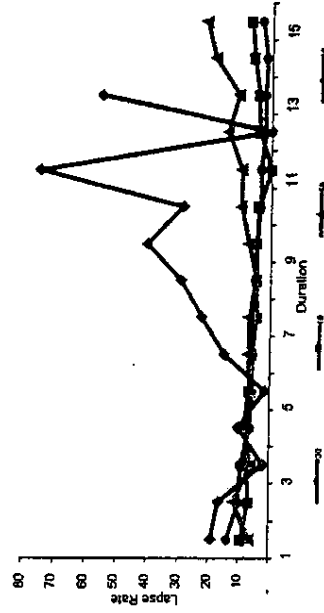
Central Issue Age	Duration																																											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40				
30	17.54	17.54	13.03	11.03	10.02	8.02	7.02	8.01	5.01	5.01	6.01	6.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	
40	8.77	8.77	9.02	9.02	8.77	8.27	8.02	7.27	5.51	6.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01	5.01
50	15.04	12.03	10.02	9.02	8.02	10.02	9.52	8.52	8.77	9.77	11.03	12.03	15.04	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05	20.05
60	18.04	18.04	19.05	14.03	15.04																																							

Historical Monthly Income Lapse Rates

Occupation Class 1, Males and Females (a)



Occupation Class 1: Males						
Central Issue Age						
Duration	30	40	50	60		
1	12.71%	9.10%	7.77%	16.79%		
2	7.90	8.57	10.11	14.27		
3	9.45	8.76	8.57	21.17		
4	6.67	6.03	7.32	13.29		
5	6.09	5.49	6.45	18.20		
6	6.97	5.58	5.93	21.11		
7	5.07	5.11	6.85	19.24		
8	4.49	4.94	6.30	27.28		
9	4.30	4.38	7.03	26.69		
10	3.85	4.36	7.90	38.42		
11	4.48	4.33	8.41	56.11		
12	2.75	3.72	10.79	28.01		
13	2.67	3.62	14.70	30.25		
14	3.16	3.08	14.62			
15	2.94	6.86	14.63			

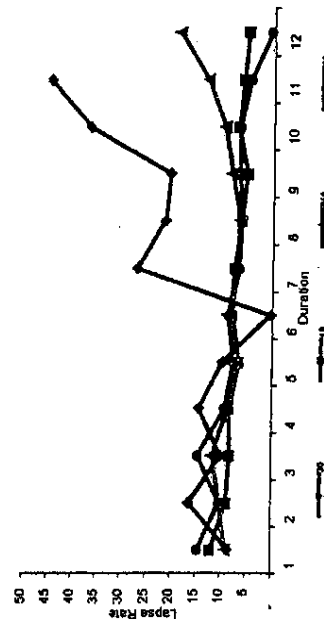
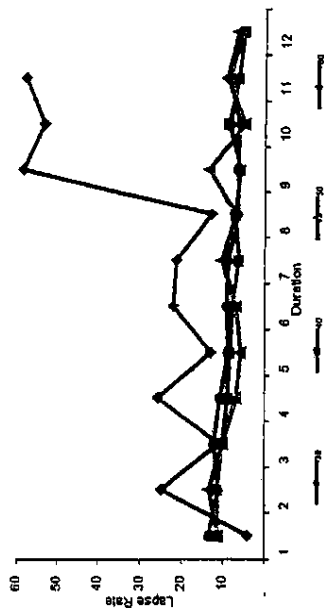


Occupation Class 1: Females						
Central Issue Age						
Duration	30	40	50	60		
1	13.78%	9.35%	6.36%	19.00%		
2	10.04	6.68	11.54	16.71		
3	9.53	7.37	6.14	1.93		
4	8.38	7.49	8.31	10.45		
5	5.93	6.79	6.62	1.57		
6	5.79	5.90	7.11	15.13		
7	6.03	4.49	6.98	22.59		
8	4.99	4.60	4.84	29.50		
9	4.69	4.64	7.28	40.50		
10	3.68	4.16	9.90	28.85		
11	3.56	3.66	9.75	74.91		
12	2.15	4.24	14.41	0.00		
13	2.33	4.26	10.94	55.21		
14	1.85	6.05	18.73			
15	3.40	6.96	21.52			

(a) Excludes buy-sell policies

Historical Monthly Income Lapse Rates

Occupation Class 2, Males and Females (a)



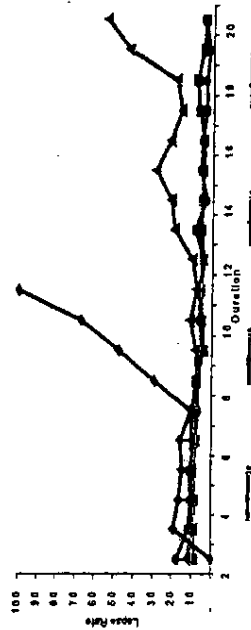
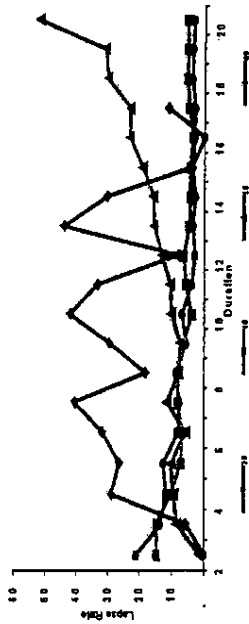
Occupation Class 2: Males					
Central Issue Age					
Duration	30	40	50	60	
1	13.41%	11.34%	11.07%	4.01%	
2	11.04	11.28	13.35	24.92	
3	12.20	10.20	9.90	11.06	
4	10.84	8.93	6.81	25.75	
5	8.84	8.40	5.65	12.94	
6	9.12	7.81	6.77	22.02	
7	8.91	6.29	10.25	21.16	
8	6.41	7.13	6.94	12.66	
9	6.47	5.74	13.18	58.65	
10	6.04	8.71	4.75	53.31	
11	8.63	6.34	9.03	57.89	
12	5.59	4.86	6.48		

Occupation Class 2: Females					
Central Issue Age					
Duration	30	40	50	60	
1	14.52%	11.89%	8.84%	8.50%	
2	10.22	8.80	10.04	16.27	
3	14.59	8.13	11.63	9.97	
4	9.16	8.22	8.51	14.33	
5	7.52	6.36	7.57	9.63	
6	8.53	7.75	8.64	25.70%	
7	6.30	7.44	7.06	26.86	
8	5.93	5.97	6.25	21.27	
9	6.45	4.86	7.92	20.24	
10	6.31	6.70	9.31	36.36	
11	4.22	5.64	12.66	44.44	
12	0.53	4.74	18.49		

(a) Excludes buy-sell policies

Historical Monthly Income Lapse Rates

Occupation Class 3, Males and Females (a)



Occupation Class 3: Males

Duration	Central Issue Age				
	30	40	50	60	
2	21.18%	14.80%	1.59%	0.00%	0.00%
3	13.71	14.77	8.40	5.74	
4	11.92	10.28	9.22	29.00	
5	12.56	7.16	10.08	26.42	
6	8.15	6.94	5.41	31.83	
7	7.66	8.19	11.40	40.43	
8	8.56	8.00	7.63	18.36	
9	5.73	6.30	7.21	29.59	
10	6.90	3.99	9.95	41.98	
11	3.90	5.75	10.27	33.33	
12	2.99	6.38	12.90	8.00	
13	3.56	4.82	15.63	43.92	
14	2.77	4.37	15.87	30.42	
15	3.73	4.61	19.19	3.85	
16	3.16	3.69	23.13	0.00	
17	2.92	4.83	23.23	11.11	
18	3.93	5.47	30.20		
19	3.69	5.24	31.00		
20	3.30	5.56	51.85		

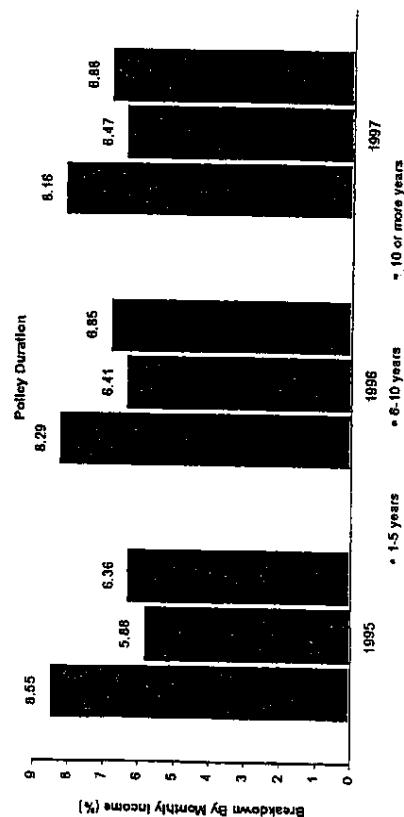
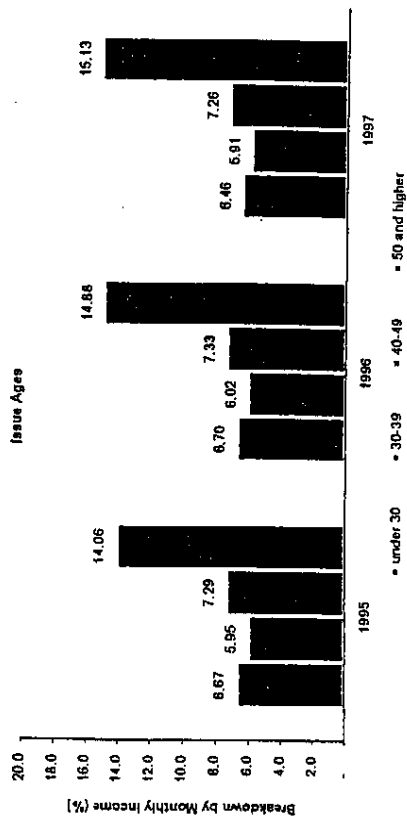
Occupation Class 3: Females

Duration	Central Issue Age				
	30	40	50	60	
2	17.42%	8.65%	12.22%	0.00%	
3	11.86	9.36	8.82	19.16	
4	10.43	8.54	10.82	16.44	
5	11.14	9.38	9.47	15.11	
6	8.32	7.86	10.22	15.99	
7	7.07	7.89	10.07	10.57	
8	7.02	8.29	7.56	29.65	
9	5.49	4.26	8.34	48.08	
10	6.38	5.36	11.24	67.37	
11	6.86	6.03	7.85	100.00	
12	4.80	4.83	10.35		
13	9.10	6.02	19.51		
14	3.53	5.47	21.29		
15	6.44	5.00	29.34		
16	5.69	4.58	21.51		
17	3.55	7.48	16.33		
18	3.76	8.43	19.00		
19	2.15	5.34	43.42		
20	4.67	4.22	54.78		

(a) Excludes buy-sell policies

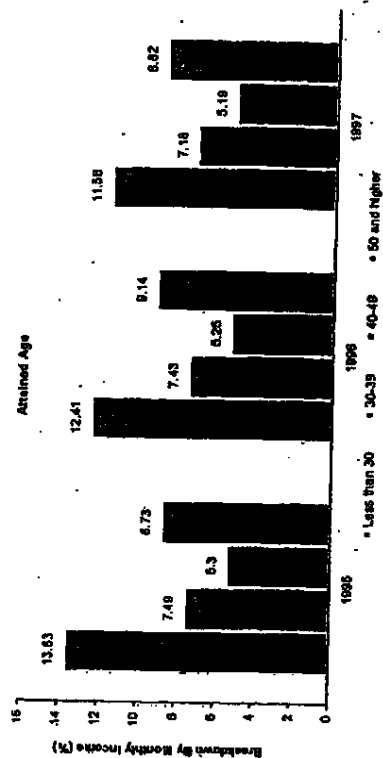
Historical Lapse Rates

All Plans (a): By Monthly Income

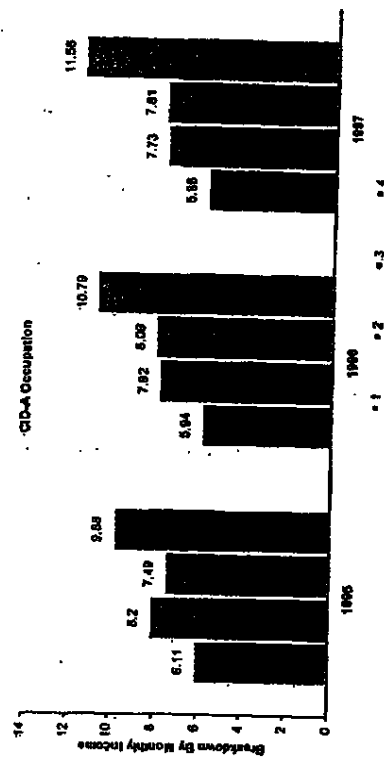


Grouping %	Lapse Rate During		
	1995	1996	1997
Issue Ages			
Under 30	6.67	6.70	6.46
30-39	5.95	6.02	5.91
40-49	7.29	7.33	7.28
50 and higher	14.06	14.88	15.13
Policy Duration			
1-3 years	10.36	8.72	9.11
4 years	8.07	8.58	7.15
5 years	6.77	7.82	8.05
1-6 years	8.55	8.29	8.16
6 years	7.00	7.34	7.50
7 years	6.04	6.47	6.68
8 years	5.37	6.18	6.11
9 years	5.24	5.93	5.98
10 years	4.85	5.64	5.99
6-10 years	5.88	6.41	6.47
10 or more years	6.36	6.85	6.88

Historical Lapse Rates All Plans (a): By Monthly Income

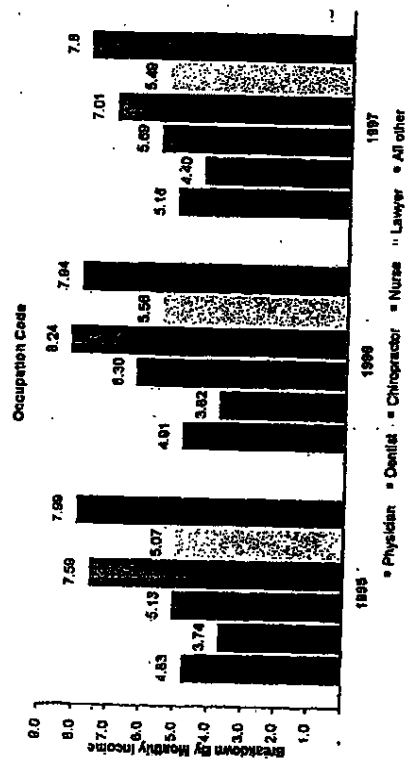


Grouping %	Lapse Rate During		
	1995	1996	1997
Attained Age			
Less than 30	13.63	12.41	11.58
30-39	7.49	7.43	7.18
40-49	5.30	5.25	5.19
50 and higher	8.73	8.14	8.02

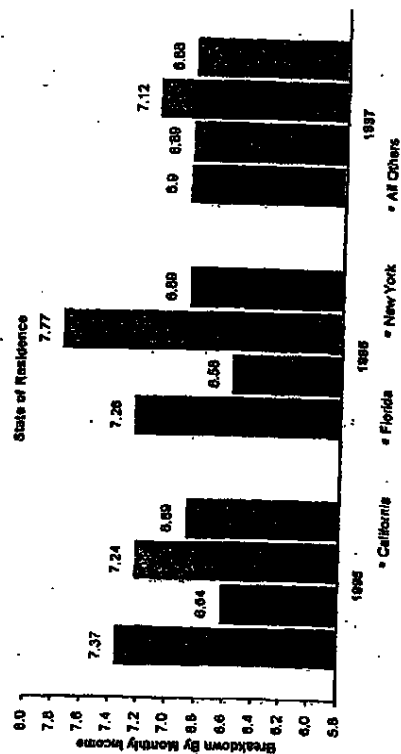


CID-A Occupation Class	Lapse Rate During		
	1995	1996	1997
1	6.11	5.94	5.88
2	8.20	7.92	7.73
3	7.49	8.09	7.81
4	9.88	10.78	11.58

Historical Lapse Rates All Plans (a): By Monthly Income



Occupation Code	Lapse Rate During		
	1995	1996	1997
Physician	4.83	4.91	5.16
Dentist	3.74	3.82	4.40
Chiropractor	5.13	6.30	5.69
Nurse	7.59	8.24	7.01
All other	7.99	7.94	7.80



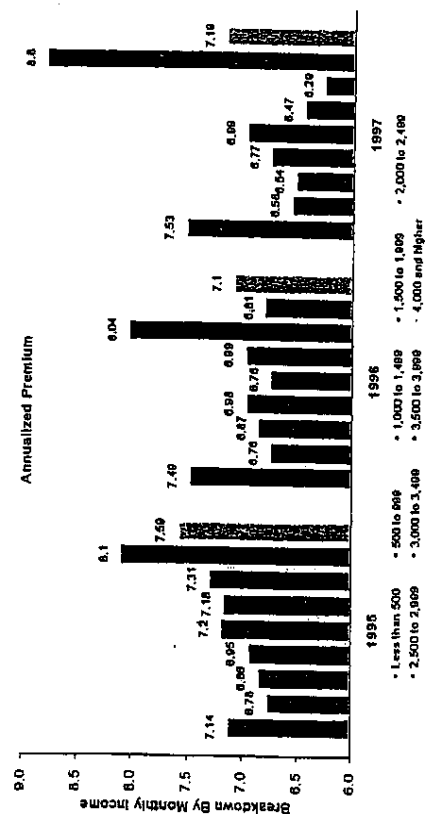
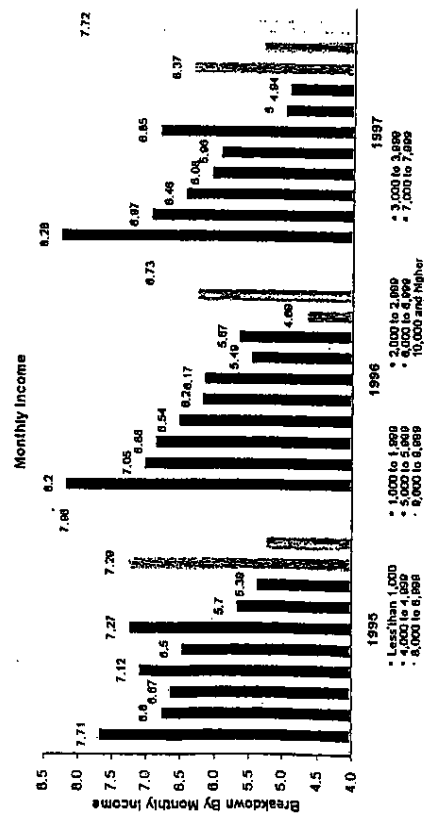
State of Residence

California	7.37	7.26	8.90
Florida	6.84	6.58	6.89
New York	7.24	7.77	7.12
All Others	6.89	6.89	6.88

(a) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims

Historical Lapse Rates

All Plans (a): By Monthly Income



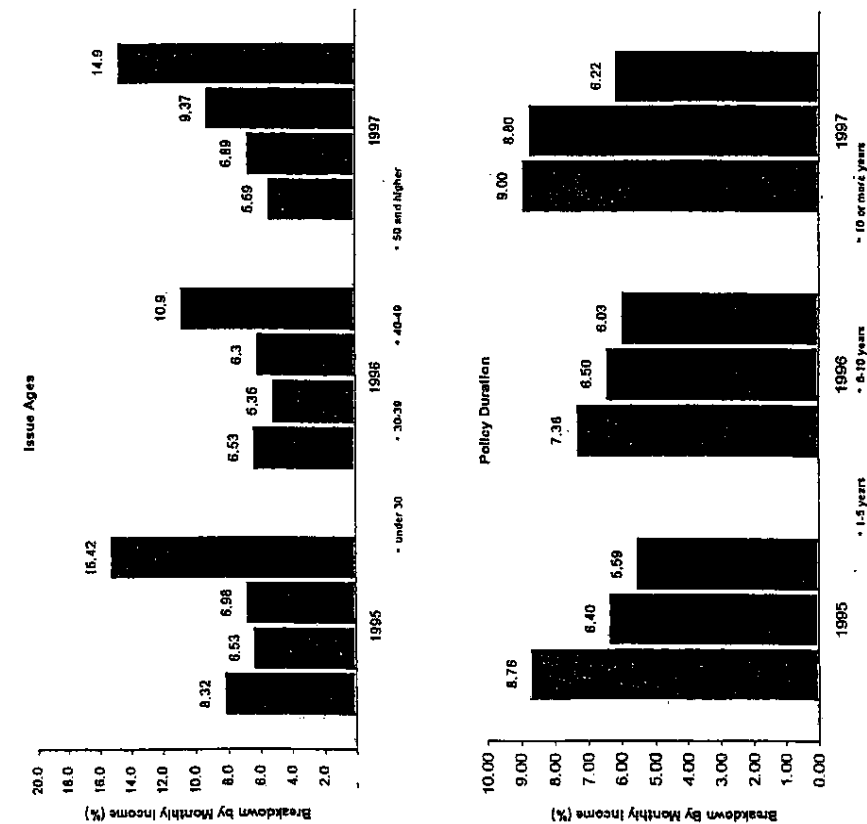
Grouping %	Lapse Rate During		
	1995	1996	1997
Monthly Income			
Less than 1,000	7.71	8.20	8.28
1,000 to 1,999	6.80	7.05	6.97
2,000 to 2,999	6.67	6.88	6.46
3,000 to 3,999	7.12	6.54	6.08
4,000 to 4,999	6.50	6.20	5.96
5,000 to 5,999	7.27	6.17	6.85
6,000 to 6,999	5.70	5.49	5.00
7,000 to 7,999	5.39	5.67	4.94
8,000 to 8,999	7.29	4.89	6.37
9,000 to 9,999	5.26	6.29	5.34
10,000 and higher	7.96	6.73	7.72
Annualized Premium			
Less than 500	7.14	7.49	7.53
500 to 999	6.78	6.78	6.58
1,000 to 1,499	6.86	6.87	6.54
1,500 to 1,999	6.95	6.98	6.77
2,000 to 2,499	7.20	6.76	6.99
2,500 to 2,999	7.18	6.99	6.47
3,000 to 3,499	7.31	8.04	6.29
3,500 to 3,999	8.10	6.81	8.80
4,000 and higher	7.59	7.10	7.19
All Policies	6.98	7.05	6.92

59(e) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims



Historical Lapse Rates

All Plans (a): By Amount

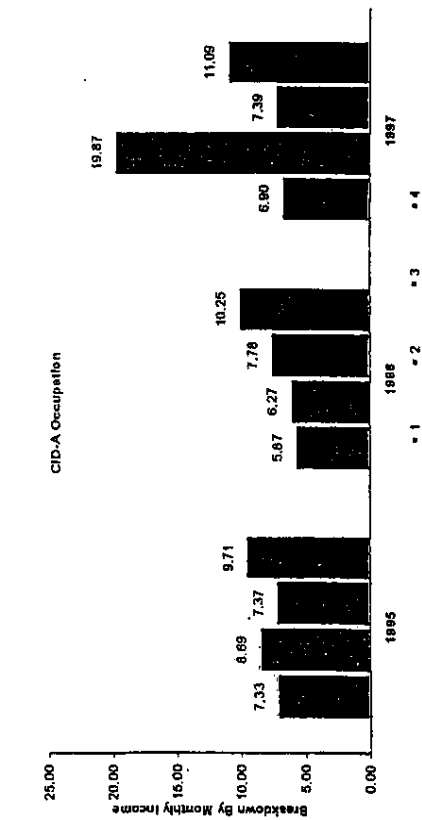
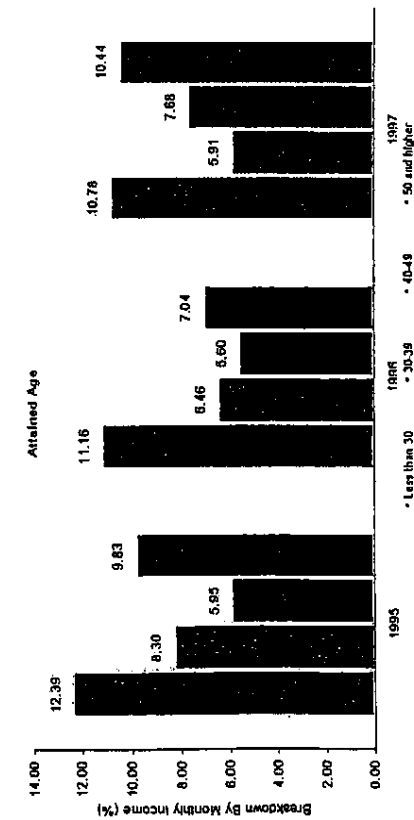


60 (a) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims



Historical Lapse Rates

All Plans (a): By Amount



Lapse Rate During

Grouping %

1995

1996

1997

Attained Age

Less than 30

30-39

40-49

50 and higher

10.78

5.91

7.88

10.44

CID-A Occupation Class

1

2

3

7.33

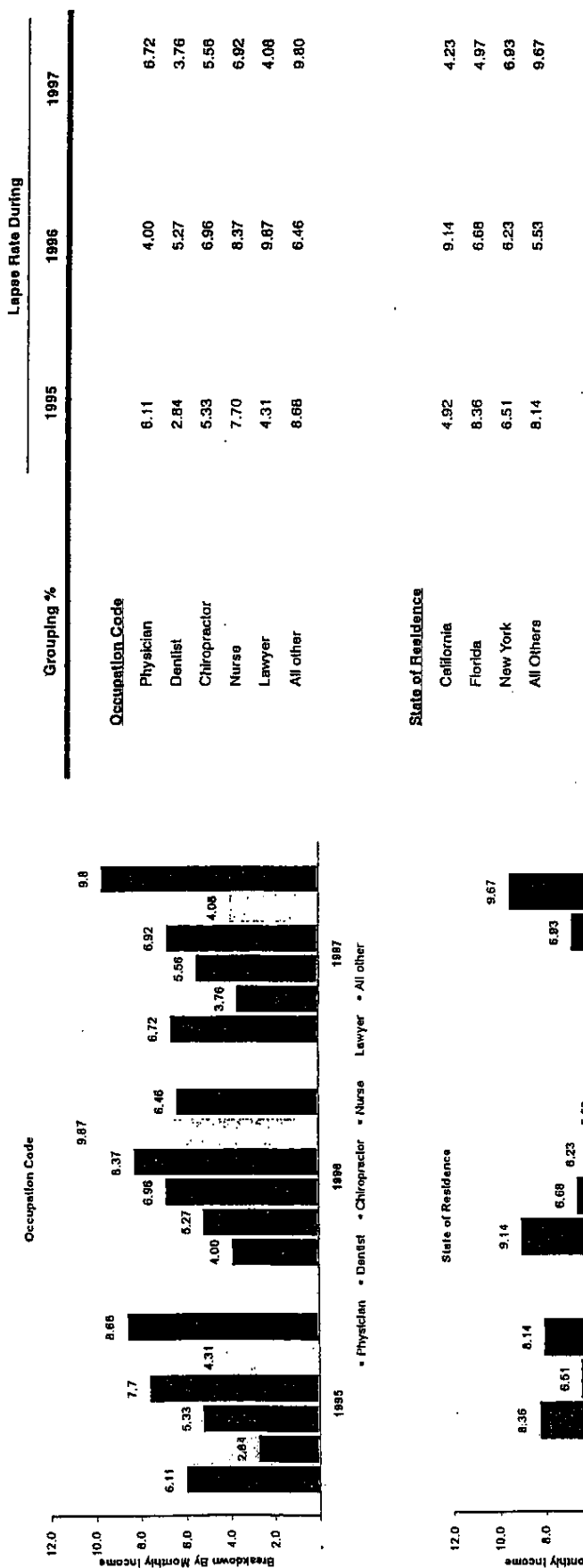
8.69

9.71

10.25



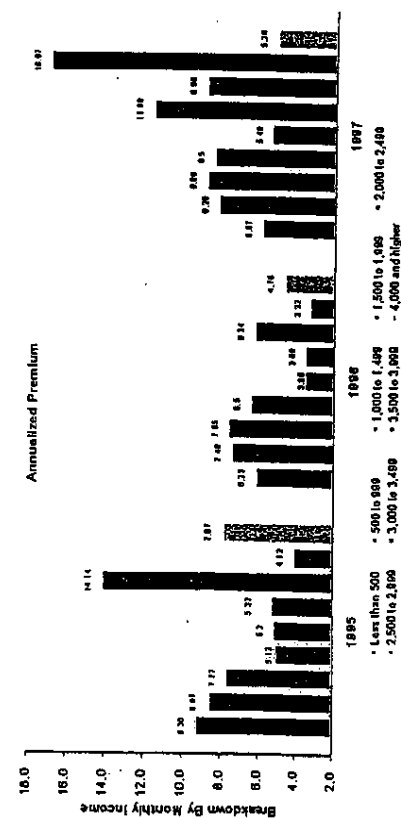
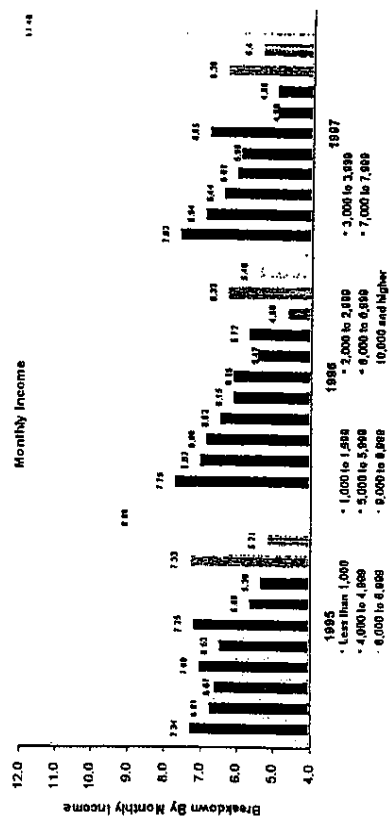
Historical Lapse Rates All Plans (a): By Amount



6.2 (a) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims

Historical Lapse Rates

All Plans (a): By Amount



Grouping %	Lapse Rate During		
	1995	1996	1997
Monthly Income			
Less than 1,000	7.34	7.75	7.62
1,000 to 1,999	6.81	7.07	6.94
2,000 to 2,999	6.67	6.89	6.44
3,000 to 3,999	7.08	6.52	6.07
4,000 to 4,999	6.53	6.15	5.96
5,000 to 5,999	7.25	6.15	6.85
6,000 to 6,999	5.69	5.47	4.98
7,000 to 7,999	5.39	5.72	4.98
8,000 to 8,999	7.33	4.68	6.38
9,000 to 9,999	5.21	6.33	5.40
10,000 and higher	8.69	5.46	11.48

Annualized Premium	
Less than 500	9.30
500 to 999	8.67
1,000 to 1,499	7.72
1,500 to 1,999	5.12
2,000 to 2,499	5.20
2,500 to 2,999	5.32
3,000 to 3,499	14.14
3,500 to 3,999	4.12
4,000 and higher	7.97
All Policies	7.49

6.3 (a) Excludes buy sell policies/transition business/pending claims/"drop" claims/litigation claims

A

Present Value of Cash Outflows

Scenario 1 - Baseline

Period	Active Lives Cash Flows					Disabled Lives Cash Flows					Total
	Premiums	Benefit Payouts	Commission	Expense	Net Income	Benefit Payouts	Commission	Expense	Net Income	Total	
Year											
1999	107,367,701	6,426,198	4,074,268	9,959,211	(6,908,024)	109,104,936	7,091,921	116,196,757	29,286,733	29,286,733	
2000	98,791,345	20,403,930	2,940,166	10,711,698	(64,655,551)	95,344,282	6,197,378	101,541,660	36,886,109	36,886,109	
2001	92,008,942	29,934,449	2,514,692	11,225,007	(48,332,794)	90,324,167	5,871,071	96,195,238	47,862,444	47,862,444	
2002	85,706,655	38,292,146	2,237,998	11,688,903	(33,507,808)	86,420,242	5,617,316	92,037,558	58,529,950	58,529,950	
2003	80,043,367	46,340,933	1,773,800	12,098,231	(19,830,803)	82,832,536	5,371,115	88,003,651	69,173,048	69,173,048	
2004	71,804,897	53,198,019	1,424,002	12,227,780	(4,857,096)	79,339,295	5,157,054	84,496,349	79,639,253	79,639,253	
2005	65,428,768	57,780,255	1,297,879	12,188,284	5,817,830	78,317,438	4,960,933	81,278,072	87,093,702	87,093,702	
2006	59,428,153	62,306,819	1,175,810	12,120,747	18,174,023	73,746,745	4,793,688	78,542,413	94,716,436	94,716,436	
2007	54,831,233	65,634,111	1,063,060	12,128,013	32,811,971	70,869,685	4,613,030	75,482,715	99,484,686	99,484,686	
2008	49,859,780	69,537,077	984,186	12,139,297	32,800,780	67,968,959	4,419,282	72,408,241	105,209,021	105,209,021	
2009	45,583,704	73,453,801	899,819	11,998,283	40,767,989	65,373,331	4,249,268	69,622,597	110,390,596	110,390,596	
2010	40,056,146	77,205,449	790,804	11,700,558	49,840,763	62,968,528	4,092,954	67,061,482	116,702,245	116,702,245	
2011	35,906,656	78,650,015	700,849	11,375,170	59,898,846	57,923,778	3,765,438	64,569,054	119,386,432	119,386,432	
2012	32,774,171	80,680,952	647,124	11,144,941	59,898,846	55,053,328	3,378,468	61,695,214	121,394,080	121,394,080	
2013	29,797,868	82,980,549	588,382	10,912,748	65,469,282	52,354,190	3,232,387	58,931,784	123,315,505	123,315,505	
2014	27,689,098	80,428,771	448,307	10,086,237	68,145,249	48,729,024	3,043,456	55,757,212	114,228,874	114,228,874	
2015	18,291,496	74,333,521	380,781	9,098,496	62,147,015	43,608,017	2,834,391	52,981,411	110,430,693	110,430,693	
2016	15,302,815	70,923,867	301,806	8,439,965	64,363,023	40,822,395	2,685,385	49,665,851	106,587,424	106,587,424	
2017	13,291,328	67,264,580	262,122	7,911,641	60,921,895	38,314,511	2,490,443	46,440,409	104,593,196	104,593,196	
2018	10,809,396	63,950,355	208,141	7,371,795	58,447,639	35,580,641	2,312,742	40,804,954	99,252,593	99,252,593	
2019	8,872,424	60,363,339	174,834	6,781,890	55,845,196	32,810,327	2,133,061	37,893,383	95,471,525	95,471,525	
2020	7,311,410	56,035,040	144,134	6,339,146	53,886,454	30,231,851	1,965,070	34,949,388	90,594,584	90,594,584	
2021	6,442,228	52,570,498	127,022	5,925,380	52,741,144	27,630,455	1,785,880	32,186,921	86,183,375	86,183,375	
2022	5,809,811	54,111,360	114,548	5,570,157	49,928,715	25,121,325	1,632,866	29,426,434	82,167,578	82,167,578	
2023	5,174,241	52,570,498	102,018	5,242,869	44,002,465	22,519,122	1,463,743	26,754,211	76,882,926	76,882,926	
2024	2,874,571	48,168,871	56,687	4,579,948	40,166,200	20,173,404	1,311,271	23,982,865	67,965,330	67,965,330	
2025	1,857,733	41,900,235	36,925	3,923,338	36,551,619	18,088,242	1,175,736	21,484,675	61,650,875	61,650,875	
2026	1,231,771	37,877,377	24,086	3,406,508	33,080,822	16,759,288	5,084,680	19,283,977	55,815,596	55,815,596	
2027	915,571	34,333,741	18,049	2,729,547	30,880,822	15,400,749	0	18,904,601	51,904,601	51,904,601	
2028	302,907	30,848,009	5,973	2,356,151	28,883,837	14,428,328	0	18,904,601	45,359,554	45,359,554	
2029 +	4,063	152,248,581	80	2,356,151	154,600,749	142,428,328	0	154,600,749	981,211,764	981,211,764	
PV at 12/98	882,890,216	816,228,139	17,005,819	121,397,512	91,941,254	828,065,002	53,673,292	879,738,295	971,679,549	971,679,549	
PV at 12/98 at 7.5%	679,235,283	651,538,325	17,358,571	126,260,175	115,921,780	855,091,887	55,556,642	910,648,529	1,028,570,318	1,028,570,318	
PV at 12/98 at 7.0%	898,804,879	889,842,069	17,728,026	131,463,110	142,428,328	886,141,866	57,570,925	943,712,791	1,086,141,119	1,086,141,119	
Less 12/98 Statutory Reserve Ceded on Excess Coverage and Transition Reinsurance											
12/98 Present Value at 7.5% of DI Block Net of Reinsurance											
981,211,764											

Notes:

- (a) Includes terminal reserve of 125,516,048 in year 2029.
 (b) Includes terminal reserve of 65,651,175 in year 2028.
 Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998.
 Disability Premium Waiver Benefits, and claims incurred But Not Reported (IBNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount

Scenario 2

Period	Assumptions									
	Active Lives Cash Flows					Disabled Lives Cash Flows				
	1	2	3	4	5	6	7	8	9	10
Year	Premiums	Benefits Paid on Death Claims	Commissions	Small Group Term Life Insurance	Small Group Term Life Insurance	Small Group Term Life Insurance	Expenses on Disability Claims	Benefits Paid on Disability Claims	Total Cash Flow	Total
1999	107,387,854	6,612,832	4,074,271	10,401,511	(66,279,240)	109,537,508	7,119,938	116,657,446	30,378,208	
2000	98,793,068	21,312,416	2,940,211	11,204,398	(63,336,044)	99,097,079	6,246,310	102,343,389	39,007,345	
2001	92,012,395	31,343,095	2,514,827	11,763,153	(46,391,319)	91,261,283	5,931,983	97,193,268	50,801,947	
2002	85,717,578	40,250,104	2,238,258	12,249,373	(30,979,840)	87,511,277	5,688,233	93,199,510	62,219,670	
2003	80,061,835	48,842,668	1,773,990	12,719,861	(16,725,316)	83,852,528	5,450,414	89,302,940	72,577,624	
2004	71,688,201	56,153,483	1,424,464	12,882,271	(11,227,983)	80,669,928	5,243,545	85,913,474	84,685,491	
2005	65,458,721	61,180,281	1,298,472	12,836,742	9,858,773	77,758,176	5,054,151	82,810,328	92,689,101	
2006	59,482,847	66,081,880	1,178,498	12,805,954	20,601,482	75,293,633	4,894,086	80,187,719	100,799,202	
2007	54,873,720	69,603,361	1,083,918	12,827,782	28,641,341	72,608,840	4,719,575	77,328,414	105,969,755	
2008	49,909,561	73,940,808	985,166	12,858,980	37,875,413	69,710,940	4,531,211	74,242,151	112,117,563	
2009	45,642,590	78,195,235	900,980	12,723,877	46,177,303	64,857,468	4,215,735	69,073,203	117,724,144	
2010	40,115,658	82,273,674	791,377	12,425,344	55,375,338	62,596,504	4,068,773	66,665,277	124,448,541	
2011	35,971,270	83,943,407	710,124	12,099,357	60,781,618	59,958,550	3,897,306	63,855,856	129,742,974	
2012	32,849,094	86,217,216	648,604	11,870,392	66,887,118	57,126,045	3,713,193	60,839,238	131,931,295	
2013	29,885,356	88,750,402	590,108	11,636,904	71,092,058	54,467,165	3,540,366	58,007,531	132,488,633	
2014	22,839,126	86,135,260	450,689	10,734,279	74,481,102	51,874,828	3,371,864	55,246,692	126,826,033	
2015	18,350,726	79,842,025	361,929	9,726,113	71,575,341	48,979,029	3,183,637	52,162,668	122,594,690	
2016	15,356,842	76,378,202	302,875	9,077,760	70,402,014	45,730,031	2,972,452	48,702,483	116,750,546	
2017	13,345,120	72,601,611	253,184	8,528,387	68,046,063	43,130,305	2,803,470	45,933,775	112,631,290	
2018	10,555,001	69,175,061	210,039	7,967,396	66,897,515	40,423,532	2,627,530	43,051,062	107,133,537	
2019	8,915,682	65,472,725	175,885	7,349,747	64,082,476	37,658,960	2,447,897	40,107,857	103,280,990	
2020	7,349,595	63,491,013	144,987	6,886,829	61,161,639	34,849,812	2,265,238	37,115,049	98,276,889	
2021	6,481,123	61,061,563	127,788	6,453,410	58,428,334	32,215,532	2,094,010	34,309,541	93,737,875	
2022	5,852,432	59,085,570	115,392	6,079,803	55,110,076	29,550,289	1,920,789	31,471,058	89,581,134	
2023	5,221,277	57,494,459	102,946	5,733,949	51,986,810	26,984,471	1,752,691	28,717,162	83,703,972	
2024	2,900,994	52,798,921	57,188	5,031,895	48,635,452	24,270,309	1,577,570	25,847,879	74,483,331	
2025	1,874,630	46,138,968	36,958	4,334,158	44,539,986	21,833,603	1,419,184	23,252,787	67,792,773	
2026	1,233,839	41,879,795	24,324	3,669,708	40,675,987	19,659,344	1,277,857	20,937,201	61,613,188	
2027	926,314	38,111,178	18,260	3,472,864	36,927,348	17,684,781	5,703,121	13,571,164	134,571,164	
2028	307,033	34,168,975	6,054	3,059,352	36,927,348	17,684,781	0	0	178,664,781	
2029 +	4,059	174,011,131	81	2,657,668	176,684,781	0	0	0	0	
PV at 12/98 at 8.0%	663,068,574	658,130,625	17,013,370	128,497,251	140,572,672	844,122,099	54,846,206	898,967,305	1,039,639,977	
PV at 12/98 at 7.5%	679,837,060	696,220,863	17,366,585	133,693,478	167,643,965	874,265,894	56,800,850	931,066,744	1,099,710,709	
PV at 12/98 at 7.0%	697,031,945	737,567,579	17,736,543	139,255,990	197,528,167	906,537,465	58,694,178	965,431,643	1,162,959,810	

Notes:

- (a) Includes terminal reserve of 14,037,617.2 In year 2029.
 (b) Includes terminal reserve of 74,356,642 In year 2028. Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998, Disability Premium Waiver Benefits, and claims incurred But Not Reported (BNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount

Scenario 3

Period	Assumptions									
	Claim Frequency					Claim Termination				
	Baseline	105% Baseline	Baseline	105% Baseline	Baseline	105% Baseline	Baseline	105% Baseline	Baseline	105% Baseline
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1999	107,387,550	6,245,304	4,074,263	9,551,207	(67,496,776)	108,877,333	94,608,391	8,149,415	7,084,027	115,741,339
2000	98,789,681	19,691,152	2,940,121	10,255,546	(65,902,863)	94,608,391	8,149,415	7,084,027	115,741,339	28,244,583
2001	92,001,713	28,598,031	2,514,564	10,735,905	(50,165,213)	89,408,747	5,811,439	95,218,185	95,218,185	34,852,944
2002	85,698,230	36,439,277	2,237,748	11,129,946	(35,889,259)	85,353,461	5,547,975	90,901,436	90,901,436	45,052,973
2003	80,025,785	43,979,744	1,773,230	11,520,635	(22,752,176)	81,441,258	5,293,662	86,734,940	86,734,940	55,012,176
2004	71,642,795	50,332,918	1,423,564	11,619,513	(9,266,800)	78,041,295	5,072,684	83,113,979	83,113,979	63,982,764
2005	65,400,444	54,584,247	1,297,319	11,545,077	2,026,200	74,915,999	4,869,540	79,785,539	79,785,539	74,847,179
2006	59,395,429	58,760,950	1,175,164	11,483,871	12,024,556	72,246,256	4,696,007	76,942,262	76,942,262	81,811,739
2007	54,791,213	61,719,338	1,082,291	11,473,936	19,484,352	69,378,409	4,509,597	73,888,006	73,888,006	88,968,819
2008	49,812,985	65,413,205	983,264	11,470,797	28,054,291	66,320,585	4,310,838	70,631,423	70,631,423	93,372,358
2009	45,528,408	69,017,896	898,729	11,324,755	44,286,387	61,148,374	3,974,514	67,120,889	67,120,889	98,885,704
2010	40,000,365	72,468,864	789,703	11,028,185	58,721,963	55,969,253	3,449,501	62,551,830	62,551,830	103,475,210
2011	35,846,170	73,710,366	707,657	10,473,193	53,936,029	53,936,029	3,271,923	58,518,754	58,518,754	109,407,276
2012	32,704,052	75,521,147	645,740	10,242,839	58,721,963	53,936,029	3,271,923	58,518,754	58,518,754	111,827,585
2013	29,716,207	77,808,565	586,766	10,242,839	58,721,963	53,936,029	3,271,923	58,518,754	58,518,754	113,557,406
2014	22,703,734	75,120,358	448,018	9,395,545	62,260,187	50,337,278	3,099,637	53,609,201	53,609,201	115,869,389
2015	18,238,445	69,226,408	359,676	8,456,971	58,781,662	47,686,716	2,910,444	50,786,353	50,786,353	110,594,961
2016	15,252,312	65,879,339	300,814	7,853,822	58,781,662	44,776,060	2,703,740	47,686,504	47,686,504	106,468,167
2017	13,241,470	62,340,137	261,140	7,346,080	58,781,662	41,595,994	2,535,135	44,299,734	44,299,734	101,005,620
2018	10,567,236	58,141,060	208,310	6,826,877	55,609,009	39,002,072	2,361,581	41,537,207	41,537,207	97,146,216
2019	8,932,539	55,672,858	174,049	6,263,720	53,278,188	36,332,019	2,186,155	38,693,600	38,693,600	91,971,788
2020	7,276,257	53,749,723	143,442	5,840,606	52,457,514	33,633,150	2,009,727	35,819,305	35,819,305	88,276,818
2021	6,406,435	51,444,033	128,316	5,445,985	50,609,899	30,918,870	1,845,212	32,928,598	32,928,598	83,539,495
2022	5,770,205	49,579,225	113,771	5,108,684	49,031,475	28,387,882	1,680,442	30,233,095	30,233,095	79,284,570
2023	5,130,952	48,094,266	101,166	4,799,324	47,863,804	25,852,954	1,522,411	27,533,397	27,533,397	75,397,200
2024	2,850,295	43,968,175	56,189	4,173,485	45,347,555	23,421,703	1,359,253	24,944,114	24,944,114	70,291,669
2025	1,842,213	39,075,334	36,319	3,555,464	39,824,904	20,911,581	1,186,352	22,270,834	22,270,834	62,095,737
2026	1,210,682	34,280,493	23,868	3,144,799	36,238,478	18,656,352	1,082,848	19,869,015	19,869,015	56,107,494
2027	905,698	30,952,847	17,854	2,797,951	32,862,953	16,659,202	1,082,848	17,742,050	17,742,050	50,605,004
2028	299,113	27,510,807	5,896	2,438,001	29,655,592	15,662,088	4,511,179	80,273,268	80,273,268	109,928,860
2029 +	4,028	133,394,246	80	2,090,969	135,481,267	0	0	0	0	135,481,267
PV at 12/98 at 6.0%	662,335,972	577,342,292	16,998,747	114,838,796	46,841,863	809,080,461	52,563,184	861,843,645	861,843,645	908,485,508
PV at 12/98 at 7.5%	678,859,210	610,101,392	17,351,087	119,392,893	67,986,142	837,099,523	54,380,142	881,479,665	881,479,665	959,465,807
PV at 12/98 at 7.0%	696,205,239	645,615,260	17,720,039	124,265,491	81,395,571	867,051,082	56,322,013	923,373,095	923,373,095	1,014,788,668

Notes:

- (a) Includes terminal reserve of 109,534,604.6 in year 2029.
 (b) Includes terminal reserve of 59,685,446 in year 2028.
 Disability Premium Waiver Benefits, and claims incurred But Not Reported (IBNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount Scenario 4

Period	Active Lives Cash Flows				Disabled Lives Cash Flows				Total
	Premium	Benefit (Policyholder)	Commission	Other Expenses (Policyholder)	Premium	Benefit (Policyholder)	Expense (Policyholder)	Other Expenses (Policyholder)	
1999	107,366,502	5,946,229	4,074,232	9,498,462	(87,849,579)	109,104,936	7,091,821	116,190,757	28,347,178
2000	98,784,883	18,960,859	2,939,989	10,173,251	(66,710,984)	95,344,282	6,197,378	101,541,660	34,830,178
2001	91,992,247	27,716,054	2,514,325	10,632,642	(51,129,226)	90,324,167	5,871,071	96,195,238	45,086,011
2002	85,882,011	35,462,249	2,237,402	11,028,921	(38,953,439)	86,420,242	5,617,316	92,037,558	55,084,119
2003	80,006,159	42,924,620	1,772,812	11,413,310	(23,895,419)	82,632,536	5,371,115	88,003,651	64,108,233
2004	71,623,210	49,245,393	1,423,175	11,512,992	(9,441,650)	79,339,295	5,157,054	84,496,349	75,054,899
2005	65,379,623	53,535,104	1,296,908	11,442,577	894,965	76,317,438	4,960,633	81,278,072	82,173,036
2006	59,374,626	57,734,107	1,174,752	11,384,070	10,916,303	73,748,745	4,793,668	78,542,413	89,460,716
2007	54,789,444	60,731,718	1,081,841	11,378,052	18,423,166	70,969,685	4,613,030	75,582,715	94,005,881
2008	49,789,890	64,448,816	982,807	11,378,571	27,020,304	67,988,959	4,419,282	72,408,241	99,428,548
2009	45,503,981	68,086,428	898,246	11,237,443	34,716,157	65,373,331	4,249,266	69,622,597	104,340,754
2010	39,978,128	71,571,505	769,263	10,948,109	43,330,749	62,988,528	4,092,954	67,061,482	110,392,232
2011	35,824,591	72,913,578	707,230	10,636,037	49,432,253	60,828,220	3,940,834	64,569,054	113,001,307
2012	32,680,415	74,801,867	645,272	10,414,707	53,181,432	57,929,778	3,765,436	61,695,214	114,876,646
2013	29,690,322	76,942,245	586,254	10,191,985	59,030,162	55,053,328	3,578,466	58,631,794	116,661,956
2014	22,687,024	74,577,525	447,667	9,363,831	61,702,019	52,354,190	3,403,022	55,757,212	117,459,231
2015	18,225,620	68,919,523	359,462	8,451,012	59,504,377	49,729,024	3,233,387	52,961,411	112,465,788
2016	15,244,012	65,754,293	300,650	7,862,424	58,673,355	46,822,395	3,043,456	49,865,851	108,539,206
2017	13,234,019	62,359,853	260,993	7,367,468	56,754,292	43,606,017	2,834,391	46,440,409	103,194,701
2018	10,567,876	59,286,969	208,220	6,860,466	55,782,979	41,005,916	2,665,385	43,671,301	99,464,280
2019	8,830,105	55,960,199	174,001	6,309,052	53,613,147	38,314,511	2,490,445	40,804,954	94,418,101
2020	7,274,885	54,146,531	143,415	5,894,777	52,909,838	35,590,641	2,312,742	37,893,383	90,803,220
2021	6,405,313	51,948,508	126,294	5,508,896	51,178,385	32,816,327	2,133,081	34,949,388	86,127,773
2022	5,769,064	50,167,098	113,748	5,177,862	49,689,642	30,231,851	1,965,070	32,186,921	81,886,563
2023	5,129,634	48,741,627	101,143	4,872,746	48,565,684	27,630,455	1,795,980	29,428,434	78,012,118
2024	2,850,076	44,657,878	56,165	4,252,677	46,116,664	25,121,325	1,632,886	26,754,211	72,870,875
2025	1,841,873	38,842,176	36,312	3,641,123	40,677,738	22,519,122	1,463,743	23,982,865	64,660,603
2026	1,210,315	35,110,588	23,861	3,234,487	37,158,600	20,173,404	1,311,271	21,484,675	58,643,278
2027	905,351	31,824,551	17,847	2,889,638	33,826,685	18,086,242	1,175,736	19,263,977	53,090,662
2028	298,988	28,407,133	5,895	2,530,547	30,644,587	16,759,289	5,094,690	17,853,979	47,453,566
2029 +	4,026	141,102,701	80	2,163,714	143,262,468	0	0	0	143,262,468
PV at 12/31/98 at 6.0%	662,178,364	571,093,020	16,995,473	114,181,310	40,091,420	826,085,002	53,673,292	879,738,295	919,829,715
PV at 12/31/98 at 7.5%	678,695,020	603,823,945	17,347,681	118,730,387	61,206,973	855,091,887	55,556,642	910,648,529	971,855,502
PV at 12/31/98 at 7.0%	656,034,083	639,329,926	17,716,512	123,596,361	84,609,336	886,141,866	57,570,925	943,712,791	1,028,322,128

Notes:

- (a) Includes terminal reserve of 116,326,484.1 In year 2029.
 (b) Includes terminal reserve of 65,651,175 In year 2028. Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998, Disability Premium Waiver Benefits, and claims incurred But Not Reported (IBNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount
Scenario 5

Period	Assumptions										Total
	Active Lives Cash Flows					Disabled Lives Cash Flows					
	92.5% Baseline	Claims Elimination	95% Baseline	Lapse	Baseline	92.5% Baseline	Claims Elimination	95% Baseline	Lapse	Baseline	
Year	Policyholder	Benefit	Commission	General Expenses	Interest Claims	Benefit	Commission	General Expenses	Interest Claims	Benefit	
1999	107,366,644	6,119,948	4,074,236	9,505,798	(67,287,663)	109,637,508	7,119,938	116,657,446	110,936,860	29,385,783	
2000	98,786,479	19,727,822	2,940,032	10,629,570	(65,489,055)	96,907,079	6,246,310	102,343,389	98,212,963	36,654,334	
2001	91,997,289	29,021,091	2,514,450	11,131,324	(49,330,434)	91,281,283	5,931,983	97,193,266	93,416,429	47,862,832	
2002	85,692,134	37,276,946	2,237,644	11,587,057	(34,610,472)	87,511,277	5,688,233	93,199,510	89,052,276	58,589,038	
2003	80,023,284	45,244,145	1,773,173	11,989,857	(21,016,109)	83,952,526	5,450,414	89,302,940	85,042,399	66,286,831	
2004	71,644,826	52,025,413	1,423,603	12,120,217	(6,075,592)	80,669,928	5,243,545	85,913,474	81,717,162	79,830,419	
2005	65,407,408	56,689,227	1,297,455	12,064,790	4,644,064	77,758,176	5,054,151	82,810,328	79,826,129	70,826,129	
2006	59,408,816	61,238,057	1,175,388	12,020,108	15,026,737	75,293,633	4,894,086	80,187,719	77,530,419	64,470,694	
2007	54,807,875	64,508,303	1,082,618	12,029,631	22,812,678	71,919,575	4,719,575	76,639,150	73,857,391	58,581,330	
2008	49,836,093	68,536,739	993,717	12,046,948	39,740,877	69,710,940	4,531,211	74,242,151	71,537,875	53,857,875	
2009	45,558,637	72,488,961	899,324	11,911,229	48,656,403	67,180,133	4,366,709	71,546,841	68,665,277	50,732,517	
2010	40,033,391	76,278,126	790,353	11,621,314	53,962,240	62,596,504	4,215,735	69,073,203	66,855,856	50,732,517	
2011	35,884,604	77,829,003	708,414	11,308,828	58,929,428	59,958,550	4,068,773	66,024,327	63,855,856	50,732,517	
2012	32,750,023	79,944,072	646,647	11,088,732	63,963,558	57,126,045	3,913,193	63,039,238	60,839,238	50,732,517	
2013	29,771,535	82,302,955	587,658	10,864,880	67,588,352	54,467,165	3,741,864	60,007,531	58,007,531	50,732,517	
2014	27,752,123	79,880,939	448,972	10,010,564	65,179,667	51,874,828	3,540,366	57,417,882	55,246,692	50,732,517	
2015	18,280,645	74,035,999	360,547	9,063,766	64,281,985	48,979,029	3,371,864	54,353,775	52,162,668	50,732,517	
2016	15,294,390	80,704,554	289,055	7,940,321	62,234,377	45,730,031	2,972,452	48,702,463	46,933,775	50,732,517	
2017	13,283,998	67,316,076	201,978	6,454,870	61,156,392	43,130,305	2,800,470	45,017,857	43,017,857	50,732,517	
2018	10,605,051	64,138,725	209,055	5,845,428	58,945,470	40,423,532	2,647,897	42,107,857	40,107,857	50,732,517	
2019	8,870,304	58,615,780	144,114	5,403,392	56,300,572	37,659,980	2,485,238	40,107,857	37,115,049	50,732,517	
2020	7,310,374	53,314,197	127,007	5,156,115	54,742,735	34,849,812	2,265,238	37,115,049	34,309,541	50,732,517	
2021	6,441,469	48,958,139	102,006	5,328,754	53,571,341	29,550,289	1,920,769	31,471,058	28,711,162	50,732,517	
2022	5,808,875	54,765,982	56,669	4,872,093	50,813,257	26,964,471	1,752,691	25,947,879	24,270,309	50,732,517	
2023	5,173,576	53,314,197	36,622	4,022,430	44,976,251	24,270,309	1,577,570	23,252,787	22,717,162	50,732,517	
2024	4,641,469	48,958,139	24,081	3,590,117	41,217,907	21,833,603	1,419,184	20,937,201	20,337,871	50,732,517	
2025	1,857,575	42,776,774	18,044	3,221,343	37,654,129	19,699,344	1,277,857	18,420,495	18,420,495	50,732,517	
2026	1,221,529	38,225,237	15,044	2,836,559	34,214,058	18,420,495	1,040,850	17,374,641	17,374,641	50,732,517	
2027	915,334	35,330,077	12,044	2,453,450	31,750,634	16,375,534	844,122,099	15,527,875	15,527,875	50,732,517	
2028	302,824	31,674,362	5,971	2,453,450	28,298,167	14,527,875	56,800,850	14,527,875	14,527,875	50,732,517	
2029 +	4,060	161,291,065	80	2,453,450	163,750,634	163,750,634	0	163,750,634	163,750,634	50,732,517	
PV at 12/98 at 8.0%	862,629,735	609,995,693	17,002,485	120,749,723	85,228,167	844,122,099	54,845,206	899,987,305	899,987,305	984,195,472	
PV at 12/98 at 7.5%	679,066,126	645,297,635	17,355,103	125,628,526	109,213,139	874,285,894	56,800,850	931,066,744	931,066,744	1,040,279,882	
PV at 12/98 at 7.0%	698,430,660	693,828,531	17,724,419	130,828,984	135,751,274	906,537,465	58,894,176	965,431,643	965,431,643	1,101,182,817	

	12/31/2028	12/31/2029
(a) Includes terminal reserve of	74,356,642	133,507,852.3
(b) Includes terminal reserve of		
Disability Premium Waiver Benefits, and claims Incurred But Not Reported (IBNR) as of 12/31/1998.		

Present Value of Cash Outflows Before Reinsurance Ceded Amount Scenario 6

Period	Active Lives Cash Flows					Disabled Lives Cash Flows					Total
	Premiums	Residuals	Commissions	Other Revenues	Other Expenses	Benefit Payouts	Expenses	Other Cash Flows	Total		
Assumptions											
92.5% Baseline											
105% Baseline											
Baseline											
Year	Premiums	Residuals	Commissions	Other Revenues	Other Expenses	Benefit Payouts	Expenses	Other Cash Flows	Total	Total	
1999	107,366,363	5,778,824	4,074,229	9,118,869	(88,394,441)	108,677,333	7,064,027	115,741,359	27,346,918	27,346,918	
2000	96,783,342	18,226,583	2,939,948	9,750,798	(87,866,014)	94,606,391	6,149,415	100,755,807	32,889,792	32,889,792	
2001	91,987,402	26,476,143	2,514,208	10,170,174	(92,826,879)	89,406,747	5,811,439	95,218,185	42,391,306	42,391,306	
2002	85,672,346	33,745,080	2,237,171	10,529,306	(93,160,791)	85,353,461	5,547,975	90,901,436	51,740,645	51,740,645	
2003	79,989,855	40,735,612	1,772,468	10,877,672	(96,604,102)	81,441,256	5,293,682	86,734,940	60,130,838	60,130,838	
2004	71,802,715	46,627,386	1,422,769	10,948,737	(12,603,822)	78,041,295	5,072,684	83,113,979	70,510,157	70,510,157	
2005	65,353,350	50,570,639	1,296,386	10,864,348	(12,621,977)	74,915,999	4,889,540	79,785,539	77,163,562	77,163,562	
2006	59,344,268	54,445,544	1,174,153	10,793,004	(12,621,977)	72,246,256	4,696,007	76,942,262	84,010,695	84,010,695	
2007	54,731,309	57,191,897	1,081,109	10,772,735	(14,314,431)	69,378,409	4,509,597	73,888,006	88,202,437	88,202,437	
2008	49,746,459	60,621,378	981,952	10,757,870	(22,614,742)	66,320,585	4,310,838	70,631,423	93,246,164	93,246,164	
2009	45,452,626	63,968,755	897,234	10,611,975	(30,025,338)	63,626,514	4,135,723	67,762,238	97,787,576	97,787,576	
2010	39,926,330	67,173,774	786,242	10,323,555	(38,359,232)	61,146,374	3,974,514	65,120,889	103,480,121	103,480,121	
2011	35,768,425	68,327,056	706,122	10,012,558	(43,277,311)	58,734,113	3,817,717	62,551,830	105,829,141	105,829,141	
2012	32,615,286	70,010,388	643,986	9,790,729	(47,829,618)	55,982,514	3,636,863	59,621,377	107,451,195	107,451,195	
2013	29,614,356	71,952,900	584,753	9,569,651	(52,492,946)	53,069,253	3,449,501	56,518,754	109,011,703	109,011,703	
2014	22,626,332	69,648,808	446,480	8,766,817	(56,235,783)	50,337,278	3,271,923	53,609,201	109,844,964	109,844,964	
2015	18,174,491	64,176,950	359,455	7,886,764	(54,247,698)	47,686,716	3,099,637	50,786,353	105,034,051	105,034,051	
2016	15,197,290	61,070,379	299,729	7,318,101	(53,490,820)	44,776,060	2,910,444	47,686,504	101,177,424	101,177,424	
2017	13,187,705	57,787,799	260,080	6,842,274	(50,860,373)	39,002,072	2,535,135	41,537,207	96,002,181	96,002,181	
2018	10,523,515	54,821,980	207,449	6,354,459	(48,814,026)	36,332,019	2,381,581	38,693,600	92,397,580	92,397,580	
2019	8,793,052	51,605,879	173,272	5,827,928	(46,503,892)	33,633,150	2,186,155	35,819,305	87,507,628	87,507,628	
2020	7,242,225	49,823,644	142,772	5,431,901	(45,009,878)	30,918,870	2,009,727	32,928,596	83,975,397	83,975,397	
2021	6,372,054	47,886,564	125,639	5,063,834	(44,057,518)	28,387,882	1,845,212	30,233,095	79,432,578	79,432,578	
2022	5,732,438	45,959,657	113,026	4,749,433	(41,863,615)	25,852,954	1,680,442	27,533,397	75,322,773	75,322,773	
2023	5,089,592	44,585,795	100,350	4,460,984	(38,800,712)	23,421,703	1,522,411	24,944,114	71,590,914	71,590,914	
2024	2,827,513	40,760,208	55,740	3,875,379	(36,900,712)	20,911,581	1,359,253	22,270,834	66,807,928	66,807,928	
2025	1,827,455	35,292,400	36,028	3,299,739	(33,513,958)	18,656,352	1,212,663	19,869,015	59,071,545	59,071,545	
2026	1,200,014	31,772,877	23,658	2,917,437	(30,404,190)	16,659,202	1,082,848	17,742,050	53,382,973	53,382,973	
2027	896,181	28,687,590	17,686	2,595,116	(27,466,972)	15,662,088	0	16,959,202	48,146,241	48,146,241	
2028	295,464	25,496,532	5,826	2,260,079	(25,548,876)	15,662,088	0	16,959,202	107,740,240	107,740,240	
2029 +	3,994	123,615,060	79	1,937,731	125,548,876	15,662,088	0	0	125,548,876	125,548,876	
PV at 12/98 at 8.0%	661,849,499	535,006,893	16,988,908	108,094,126	(1,759,671)	809,080,461	52,583,184	861,643,645	859,884,074	859,884,074	
PV at 12/98 at 7.5%	678,345,861	565,369,917	17,340,695	112,356,603	10,723,353	837,099,523	54,380,142	891,479,666	908,203,018	908,203,018	
PV at 12/98 at 7.0%	695,663,017	594,286,360	17,709,113	116,948,509	37,250,964	867,051,082	56,322,013	923,373,095	960,624,059	960,624,059	

Notes:

- (a) Includes terminal reserve of 101503868.6 in year 2029.
 (b) Includes terminal reserve of 59,685,446 in year 2028.
 Disability Premium Waiver Benefits, and claims incurred but not reported (IBNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount Scenario 7

Period	Actual Lives Cash Flows				Disabled Lives Cash Flows				Total
	Benefit Payouts	Benefit Payouts	Commissions	Guarantee Charges	Expense Reductions	Expense Reductions	Expense Reductions	Expense Reductions	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	107,368,996	6,905,846	4,074,302	10,421,574	(85,967,176)	109,104,938	7,091,821	116,196,757	30,228,581
1999	98,797,799	22,005,112	2,940,341	11,249,211	(82,603,136)	95,344,282	6,197,378	101,541,660	36,936,525
2000	92,021,811	32,148,583	2,515,080	11,816,017	(45,841,951)	90,324,167	5,871,071	96,195,238	50,653,287
2001	85,731,245	41,115,360	2,238,591	12,307,127	(30,070,167)	86,420,242	5,817,316	92,037,558	61,987,391
2002	80,080,477	49,747,849	1,774,387	12,780,990	(15,777,250)	82,632,536	5,371,115	88,003,651	72,226,401
2003	71,708,464	57,054,616	1,424,827	12,940,098	(286,925)	79,339,295	5,157,054	84,496,349	84,208,424
2004	65,477,767	62,011,458	1,298,850	12,891,282	10,723,821	76,317,438	4,960,633	81,278,072	92,001,893
2005	59,481,512	66,861,152	1,176,865	12,854,547	21,411,053	73,748,745	4,793,868	78,542,613	99,953,466
2006	54,893,809	70,316,780	1,084,318	12,870,866	29,360,152	70,969,885	4,613,030	75,582,915	104,962,867
2007	49,929,415	74,605,397	985,558	12,896,884	38,558,224	67,988,959	4,419,282	72,408,241	110,966,466
2008	45,663,139	78,798,552	901,387	12,755,650	46,792,450	65,373,331	4,249,286	69,622,597	116,415,047
2009	40,133,858	82,814,932	792,338	12,449,873	55,923,085	62,968,528	4,092,954	67,061,482	122,984,588
2010	35,988,382	84,361,100	710,463	12,110,769	61,193,949	60,828,220	3,940,834	64,769,054	125,783,004
2011	32,867,510	86,533,212	648,989	11,871,605	68,186,276	57,929,778	3,765,438	61,695,214	127,881,490
2012	29,905,100	88,990,028	590,499	11,629,868	71,305,315	55,053,328	3,578,466	58,631,794	129,937,109
2013	22,850,731	86,247,638	450,919	10,709,286	74,557,112	52,354,190	3,403,022	55,757,212	130,314,325
2014	18,357,087	79,722,490	302,055	9,679,054	71,406,511	48,729,024	3,232,387	52,961,411	124,367,922
2015	15,360,867	76,070,151	302,957	9,014,807	70,026,948	46,822,385	3,043,456	49,865,851	119,892,789
2016	13,348,395	72,147,509	263,248	8,453,279	67,515,652	43,606,017	2,834,391	46,771,301	113,956,060
2017	10,655,908	68,593,081	210,057	7,880,741	66,027,972	41,005,916	2,665,385	43,341,301	109,699,273
2018	8,914,552	64,747,194	175,663	7,252,555	63,260,861	38,314,511	2,490,443	40,804,954	104,085,814
2019	7,347,768	62,647,267	144,851	6,781,473	62,225,824	35,980,641	2,312,742	37,893,383	100,119,208
2020	6,478,965	60,103,552	127,746	6,339,913	60,092,246	32,816,327	2,133,061	34,948,388	95,041,634
2021	5,849,958	58,037,938	115,343	5,960,647	58,263,970	30,231,851	1,985,070	32,186,921	90,460,891
2022	5,218,415	56,381,751	102,890	5,611,278	56,877,503	27,630,455	1,795,980	29,426,434	86,303,938
2023	2,898,945	51,659,444	57,148	4,905,744	53,723,391	25,121,325	1,632,886	26,754,211	80,477,602
2024	1,873,522	44,945,211	36,938	4,204,358	47,312,984	22,518,122	1,463,743	23,982,865	71,295,848
2025	1,233,177	40,632,714	24,311	3,737,483	43,161,330	20,173,404	1,311,271	21,484,675	64,646,006
2026	925,743	36,832,704	18,249	3,340,253	39,265,463	18,088,242	1,175,738	19,263,977	56,528,440
2027	306,805	32,879,922	6,049	2,977,762	35,808,929	81,759,289	5,084,690	86,823,979	122,330,907
2028 +	4,098	183,352,084	81	2,527,924	165,876,001	0	0	0	165,876,001
PV at 12/98 at 8.0%	663,200,124	661,193,907	17,016,126	128,587,492	143,597,402	828,065,002	53,673,292	879,738,295	1,023,335,697
PV at 12/98 at 7.5%	679,773,605	699,072,597	17,359,440	133,762,387	170,430,919	855,091,887	55,556,642	910,648,529	1,081,079,448
PV at 12/98 at 7.0%	697,173,528	740,182,410	17,739,502	139,300,223	200,028,607	886,141,866	57,570,925	943,712,791	1,143,741,398

Notes:

- (a) Includes terminal reserve of 134,670,803.3 In year 2029.
 (b) Includes terminal reserve of 65,651,175 In year 2028. Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998, Disability Premium Waiver Benefits, and claims incurred But Not Reported (BNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount

Scenario 8

Period	Active Lives Cash Flows					Disabled Lives Cash Flows			Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Year	Benefit Payments	Policyholder Expenses	Commission	General Expenses	Expected Claims	Benefit Payments	Policyholder Expenses	Commission	Total
1999	107,369,063	7,106,383	4,074,307	10,896,804	(85,291,589)	109,537,308	7,119,938	116,637,446	31,365,878
2000	98,799,649	22,894,793	2,940,391	11,778,197	(61,186,269)	96,087,079	6,246,310	102,343,389	41,157,120
2001	92,027,463	33,660,513	2,515,204	12,393,484	(43,458,262)	91,261,283	5,931,983	97,193,266	53,735,005
2002	85,742,961	43,216,012	2,238,871	12,929,724	(27,358,354)	87,511,277	5,688,233	93,199,510	65,841,157
2003	80,100,279	52,430,941	1,774,804	13,447,462	(12,447,071)	83,852,528	5,450,414	89,302,940	76,855,869
2004	71,731,450	60,268,368	1,425,322	13,641,569	3,603,809	80,669,928	5,243,545	85,913,474	89,517,282
2005	65,509,874	65,655,964	1,298,485	13,609,710	15,055,284	77,756,178	5,054,151	82,810,328	97,865,812
2006	59,518,694	70,908,024	1,177,600	13,588,578	26,155,507	75,293,633	4,894,068	80,187,719	106,343,227
2007	54,839,332	74,678,749	1,085,213	13,622,447	34,447,078	72,608,840	4,719,575	77,328,414	111,775,492
2008	49,882,730	79,322,697	986,609	13,667,281	43,993,856	69,710,940	4,591,211	74,302,151	118,236,007
2009	45,726,200	83,876,742	902,630	13,532,223	52,585,395	67,180,133	4,366,709	71,546,841	124,132,236
2010	40,197,583	88,241,914	793,595	13,225,402	62,083,327	64,857,468	4,215,735	69,073,203	131,136,531
2011	36,057,561	90,028,842	711,828	12,885,908	67,669,015	62,598,504	4,068,773	66,665,277	134,234,282
2012	32,947,703	92,460,295	690,552	12,648,026	72,811,171	59,958,550	3,897,306	63,855,856	136,887,027
2013	29,998,804	95,166,116	592,346	12,404,843	81,338,564	54,467,165	3,713,193	60,839,238	139,003,938
2014	22,925,706	92,357,691	452,399	11,454,200	77,947,761	51,874,828	3,540,366	58,007,531	139,346,114
2015	18,420,486	85,619,806	363,304	10,365,137	76,492,862	48,979,029	3,183,637	52,162,666	128,555,528
2016	15,419,007	81,910,153	304,101	9,697,615	73,834,365	45,730,031	2,972,452	48,702,483	122,536,848
2017	13,405,962	77,882,379	284,383	9,113,555	72,212,604	43,130,305	2,803,470	45,933,775	118,146,379
2018	10,704,715	74,187,899	211,019	8,518,401	69,295,150	40,423,532	2,627,530	43,051,062	112,348,212
2019	8,960,840	70,218,844	176,574	7,860,572	66,217,512	37,659,960	2,447,897	40,107,857	108,325,369
2020	7,388,623	66,092,559	145,656	6,905,366	65,999,986	34,949,812	2,265,238	37,115,049	103,115,036
2021	6,520,575	65,486,629	128,568	6,506,410	64,091,708	32,215,532	2,094,010	34,309,541	98,401,247
2022	5,895,755	63,364,805	116,246	6,137,165	62,626,773	29,550,289	1,920,769	31,471,058	94,097,931
2023	5,288,712	61,654,439	103,881	5,389,589	59,140,291	26,964,471	1,752,691	28,717,162	87,857,453
2024	2,927,205	56,620,202	57,704	4,644,493	52,278,167	24,270,309	1,577,570	25,847,879	78,124,046
2025	1,891,601	49,485,984	37,292	4,146,082	47,647,531	21,933,803	1,419,184	23,352,987	71,100,318
2026	1,246,091	44,920,974	24,565	3,723,316	43,684,862	19,659,344	1,277,857	20,937,201	64,622,063
2027	937,240	40,880,311	16,475	3,261,214	39,629,187	17,940,695	5,703,121	23,643,817	57,573,003
2028	311,221	36,653,057	6,136	2,851,097	35,526,982	15,940,695	5,703,121	21,643,817	49,573,003
2029 +	4,138	186,679,942	82	2,851,097	189,526,982	0	0	0	189,526,982
PV at 12/98 at 8.0%	663,605,281	706,085,774	17,024,212	136,195,296	195,700,001	845,122,099	54,845,206	899,967,305	1,094,667,307
PV at 12/98 at 7.5%	680,203,731	746,942,316	17,378,022	141,727,411	225,844,017	874,265,894	56,800,850	931,066,744	1,166,910,761
PV at 12/98 at 7.0%	697,830,524	791,291,388	17,748,619	147,650,325	259,065,508	906,537,465	58,994,178	965,431,643	1,224,491,151

Notes:

- (a) Includes terminal reserve of 154,520,762.2 In year 2029.
 (b) Includes terminal reserve of 74,356,842 In year 2028.
 Disability Premium Waiver Benefits, and claims Incurred But Not Reported (IBNR) as of 12/31/1998.

Present Value of Cash Outflows Before Reinsurance Ceded Amount Scenario 9

Period	Assumptions									
	Active Lives Cash Flows					Disabled Lives Cash Flows				
	Premiums	Benefit Paid	Commission	Stock Expenses	Stock Claims and Expenses	Benefit Paid	Commission	Stock Expenses	Stock Claims and Expenses	Total
Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999	107,368,737	8,711,475	4,074,298	9,983,190	(86,598,774)	108,877,333	7,064,027	115,741,359	100,755,807	29,141,588
2000	98,798,012	21,153,753	2,940,293	10,759,443	(63,942,522)	94,806,391	8,149,415	100,755,807	95,218,185	36,813,284
2001	92,015,998	30,711,955	2,514,921	11,280,408	(47,508,716)	89,406,747	5,811,439	95,218,185	90,901,438	47,709,469
2002	85,720,061	39,127,308	2,236,323	11,728,996	(32,028,435)	85,353,481	5,547,975	90,901,438	86,734,940	58,276,001
2003	80,061,821	47,215,250	1,773,990	12,181,651	(18,910,730)	81,441,258	5,293,682	86,734,940	83,113,979	67,824,210
2004	71,882,767	54,027,460	1,424,357	12,288,067	(3,942,882)	78,041,295	5,072,684	83,113,979	78,785,539	79,171,098
2005	65,447,402	58,585,181	1,298,249	12,223,418	6,859,444	74,915,999	4,896,007	78,785,539	76,942,282	86,444,983
2006	59,446,436	63,061,895	1,176,173	12,172,165	16,963,797	72,248,258	4,509,597	76,942,282	73,888,008	93,906,059
2007	54,850,923	66,230,789	1,063,470	12,123,363	24,635,700	69,378,409	4,310,538	73,888,008	70,631,423	98,523,706
2008	49,879,281	70,187,084	984,571	12,180,744	33,473,118	66,320,585	4,135,723	70,631,423	65,120,889	104,104,541
2009	46,603,969	74,047,081	900,219	12,034,439	50,186,733	63,628,514	3,974,514	65,120,889	62,551,830	109,140,068
2010	40,074,113	77,742,018	791,159	11,728,669	55,248,670	56,734,113	3,817,717	62,551,830	59,621,377	115,309,822
2011	35,923,810	79,070,992	709,195	11,392,103	60,015,474	55,982,514	3,639,883	59,621,377	56,518,754	121,441,248
2012	32,792,443	81,007,946	647,487	11,152,484	64,922,494	50,337,278	3,479,501	56,518,754	53,809,201	126,865,870
2013	29,817,595	83,238,508	588,770	10,912,811	68,256,669	47,886,716	3,271,923	53,809,201	50,786,353	131,331,337
2014	22,780,798	80,586,624	449,539	10,021,303	68,256,669	44,776,060	3,099,837	50,786,353	47,886,504	136,179,179
2015	19,298,148	74,253,661	360,893	9,028,578	64,049,874	41,595,994	2,910,444	47,886,504	44,299,734	140,987,848
2016	15,307,110	70,667,721	301,895	8,387,169	61,686,115	39,002,072	2,703,740	44,299,734	41,537,207	145,819,305
2017	13,295,010	66,873,270	262,196	7,847,659	60,337,585	36,332,019	2,535,135	41,537,207	38,693,600	149,872,207
2018	10,610,778	63,441,987	209,168	7,297,208	57,723,732	33,633,150	2,381,581	38,693,600	35,819,305	153,926,236
2019	8,871,859	59,723,155	174,823	6,697,813	56,740,931	30,918,870	2,186,155	35,819,305	32,928,596	157,989,604
2020	7,310,144	57,639,433	144,110	6,247,532	54,690,611	28,387,892	1,945,212	32,928,596	30,233,095	161,989,905
2021	6,440,663	55,185,810	126,991	5,826,473	52,956,509	25,852,954	1,680,442	30,233,095	27,533,397	165,989,604
2022	5,607,786	53,183,425	114,512	5,466,368	51,653,508	23,421,703	1,522,411	27,533,397	24,944,114	169,989,604
2023	5,172,109	51,587,443	101,977	5,136,198	49,816,237	20,911,581	1,359,253	24,944,114	22,270,834	173,989,604
2024	2,872,971	47,182,256	56,638	4,470,316	42,836,836	18,656,352	1,212,693	22,270,834	19,869,015	177,989,604
2025	1,856,910	40,846,975	36,609	3,810,161	38,982,290	16,659,202	1,062,848	19,869,015	17,742,050	181,989,604
2026	1,221,308	36,778,243	24,077	3,371,275	35,312,233	15,659,202	923,373,095	17,742,050	17,742,050	185,989,604
2027	915,176	33,209,355	18,041	3,000,013	31,835,930	14,538,045	816,643,645	17,742,050	17,742,050	189,989,604
2028	302,746	29,517,449	5,969	2,615,257	28,835,930	13,435,045	718,140	17,742,050	17,742,050	193,989,604
2029 +	4,061	143,138,351	80	2,243,650	145,378,020	12,556,103	616,643,645	17,742,050	17,742,050	197,989,604
PV at 12/98 at 8.0%	862,820,712	619,526,330	17,009,652	121,556,103	95,270,273	809,080,461	52,553,184	861,643,645	861,643,645	958,913,918
PV at 12/98 at 7.5%	675,370,718	654,671,997	17,361,403	126,402,822	119,085,303	837,099,523	54,380,142	891,479,665	891,479,665	1,010,544,969
PV at 12/98 at 7.0%	698,745,508	692,772,963	17,730,966	131,586,823	145,345,045	867,051,082	56,322,013	923,373,095	923,373,095	1,068,716,140

Notes:

- (a) Includes terminal reserve of 117,536,649.9 in year 2029.
 (b) Includes terminal reserve of 59,085,446 in year 2028.
 Disability Premium Waiver Benefits, and claims incurred But Not Reported (IBNR) as of 12/31/1998.
 Disabled Lives cash flows include the effect of Accrued Benefits as of 12/31/1998.

Related Functions

Company Tree Ratings

CREDIT PROFILE

Centre Reinsurance Ltd

Page 1/1

Select Company

MO

1) Insurance F

STANDARD

2) LT Local IS

3) Financial S

Financial Strength

-S&P

RATING	EFFECTIVE
AAA	12/ 3/04
BBB-	12/ 2/04
BBB-	3/16/04
BB-	2/10/04
BB+	9/16/03
BB+	10/11/02
BB+	9/ 5/02
BB-	2/15/02
AA	6/25/97

UP / NEUTRAL

to return to credit profile



Australia 61 2 9777 9600
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

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Related Functions

Company Tree Ratings

CREDIT PROFILE

Centre Solutions US Ltd

Page 1/1

Select 'Company'

MO

1) Insurance F

STANDARD

2) LT Local IS

3) Financial S

Financial Strength

-S&P

RATING	EFFECTIVE
MR	12/ 3/04
BBB-	12/ 2/04
BBB-	3/16/04
A+	2/18/04
A+	9/16/03
A+	10/11/02
A+	9/ 5/02
AA-	2/15/02
AA	4/21/99

UP / NEUTRAL
to return to credit profile





William J. Casill, FSA
Senior Vice President and Actuary

July 19, 2006

Mr. Richard Grilli
President
Centre Life Insurance Company
One Chase Manhattan Plaza
New York, NY 10005

Re: Credit Support and Reserve Trust Agreements dated as of July 1, 2000

Dear Richard:

The Centre Life Insurance Company ("CLIC") Credit Support Report for June 30, 2006 shows a Reserve Amount of \$1,570,144,000 while the Bank of New York's Valuation Report shows a Reserve Trust balance of \$1,465,698,075. Pursuant to the Reserve Trust Agreement dated as of July 1, 2000 by and among Centre Life Insurance Company, AXA Equitable Life Insurance Company (formerly The Equitable Life Assurance Society of the United States) ("AXA Equitable") and The Bank of New York as Trustee ("Reserve Trust Agreement"), the difference of \$104,445,925 must be deposited into the Reserve Trust within 10 business days following receipt of the Trustee's June 30, 2006 Valuation Report. The Valuation Report was received on July 18, 2006. CLIC's additional deposit must therefore be made by August 1, 2006.

Compliance with the above provisions of the Reserve Trust Agreement is also required by the Credit Support Agreement by and between AXA Equitable and CLIC dated as of July 1, 2000 ("Credit Support Agreement").

AXA Equitable reserves all of its rights and remedies respecting any and all violations of the Reserve Trust and Credit Support Agreements, including without limitation AXA Equitable's right to enforce specifically, by court order, CLIC's obligation to make required deposits into the Reserve Trust.

A handwritten signature in black ink, appearing to read "W. Casill".

cc: Zurich Centre Group
Attn: General Counsel

Jonathan Gaines

AXA Equitable Life Insurance Company
1290 Avenue of the Americas, New York, NY 10104
Tel: (212) 314-3385 Fax: (212) 314-4456 william.casill@axa-equitable.com

CENTRE

July 25, 2006

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

VIA FACSIMILE

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Chief Actuary
Fax: 212-314-4456

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

The Bank of New York
101 Barclay Street, Floor 21 West
New York, NY 10286
Attention: Insurance Trust and Escrow Unit
Fax: 212-815-5707

Re: Security Trust Account

To Whom It May Concern:

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

In accordance with section 2(b) of security Trust Agreement dated as of July 1, 2000 between Centre Life Insurance Company, The Equitable Life Assurance Society of the United States, and The Bank of New York, Centre Life Insurance Company is giving notice ("Claims Notice") to request withdrawal of assets from the Security Trust Account with a book value of \$62,919,175.36 and a market value including accrued interest of \$59,549,833.33 be transferred to the Reserve Trust Account.

This withdrawal is being made under the Claims Notice as of June 30, 2006 since the assets in the Reserve Trust Account are less than the Reserve Amount.

Please see the attached schedules that detail the securities movements.



Richard Grilli
President
Centre Life Insurance Company



Oliver J. Horbelt
Chairman of the Board
Centre Life Insurance Company

Cc: AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: General Counsel
Fax: 212-707-7677

Centre

Fax

To: Chief Actuary

From: Richard Grilli

AXA Equitable Life Insurance Company

Fax: 212-314-4456

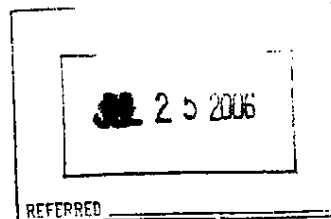
Pages: 3

Date: 07/25/2006

Re: Security Trust Account

CC: AXA Equitable Life Insurance Company

212-707-7677



CENTRE

CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

Mr. William J. Casill
Senior Vice President and Actuary
AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104

By Fax: 212-314-4456

July 31, 2006

Re: Reserve Trust Agreement

Dear Bill:

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

I write in response to your letter of July 19, 2006. On July 25, 2006, I instructed the Bank of New York to transfer assets with market value of \$59,549,833.33 to the Reserve Trust Account (a copy of my letter is enclosed). As to the balance of the amount demanded in your letter, approximately \$44.9 million-the claim we have asserted against AXA Equitable in the pending arbitration significantly exceeds this amount, and, as you are aware, the Quota Share Agreement in Article XII provides for offsets of amounts due under that agreement and, among others, the Reserve Trust Agreement. Accordingly, it is Centre's view that the \$44.9 million (or whatever the corresponding amount may be at the relevant time) will be covered by offset against the amount Centre anticipates recovering in the arbitration. As you also are aware, the assets currently in the Reserve Trust Account far exceed any reasonably anticipated claims that may become due during the pendency of the arbitration, so there will not be any cash flow issue.

Sincerely,



Richard Grilli

cc: Jonathan Gaines, Esq.
Thorn Rosenthal, Esq.
Alan Vickery, Esq.

From: Tim Swankey [mailto:Tim_Swankey@di-mgmt.com]

Sent: Wednesday, January 09, 2008 2:01 PM

To: Nitzan, Andrea; Andy Cohen; Carrie Barnes; diana.branciforte@centresolutions.com; John Anderson; John Midghall; Kathleen Brennan; michael.distasi@centresolutions.com; Robert Bonsall; Ron Fehrman; Casill, William; William Hughes; Paul Ziobrowski; mike.deevy@bm.zurich.com; Gut, Samuel; Richard.Grilli@centresolutions.com; Matt Bentz; bob.beal@milliman.com; Ernest.Wilson@centresolutions.com; Steven Gaeta; Donald.Grant@xlgroup.com; Neil.Russell@xlgroup.com; Tim O'Connor; DMS-Client Accounting; Lorber, Sandra; Saunders, Marshall; Steve Miller; Scott Green; Dominique Desmarais

Subject: AXA Equitable Financial Reports - December 2007

Attached are the financial reports for AXA Equitable as of December 31, 2007. Reserves have been restated as of December 31, 2007 after an extensive review of claims experience. These restated reserves reflect best estimates based on mortality improvements seen in past experience and expected in the future. The difference in net reserves between the old "CTR65" basis and the new "A2" basis is 236.7mm. This increase has triggered reinsurance under a treaty with XL Re for 75.35mm, bringing the total net difference in reserves to 161.3mm. I've provided two overview tabs this month; "Overview" includes the reserve restatement and "CTR65 Basis" excludes it.

Excluding the increase for restated reserves, incurred claims for the month of December were 220.0% of earned premiums, bringing the incurred claim ratio to 242.1% for the year. Incurred claims for the fourth quarter were 203.4% of premium, prior to restatement.

All the comparisons below are based on reserves prior to restatement:

The increase in reserves due to newly reported claims was 3.3mm, below the average of 6.6mm for 2006 and below the 2007 average of 5.9mm.

The change in reserves due to reopened claims in December was 1.0mm, lower than the 2006 average of 1.3mm and the 2007 average of 1.2mm.

The reserve for cases in litigation remained constant for the month, as the number of cases in litigation was unchanged from November.

Reserves released for reasons other than settlement were 4.4mm in December, below the 7.0mm average for 2006 and below the 2007 average of 6.8mm.

The reserve release due to settlements in December was 7.7mm. Settlement payments in December were 5.4mm, on 22 settlements. An average month in 2006 saw 13 settlements and 3.2mm in settlement payments with 5.0mm in reserves released. For 2007, there was an average of 12 settlements per month with 2.0mm in payments and 3.4mm in reserves released.

The increase in reserves due to claims that were on the reserve file at both the beginning and end of the month was 4.3mm, above the 2006 average of 3.9mm and the 2007 average of 4.0mm.

Here is a summary of these reserve changes:

	Dec.	2007	2007	2006
	2007	Total	Avg.	Avg.
New	3.3	70.4	5.9	6.6
Reopened	1.0	14.0	1.2	1.3
Litigated	0.0	- 4.8	-0.4	0.3

Non-settlement	- 4.4	- 81.7	-6.8	-7.0
Settlement	- 7.7	- 41.9	-3.5	-5.0
Same-to-same	4.3	47.8	4.0	3.9
=====				
SUBTOTAL	- 3.5	3.8	0.3	0.1
Reserve Restatement	236.7	236.7	xxx	xxx
XL Re	- 75.3	- 75.3	xxx	xxx
=====				
TOTAL	157.9	165.1	xxx	xxx

Please let me know if you have any comments or questions.

Timothy P. Swankey, ASA, MAAA, FLMI
Actuary



Disability Management Services, Inc.
1 Park Place, 300 S. State St., Suite 250
Syracuse, NY 13202-2041
315.399.1330 • fax 315.234.4201
tim_swankey@di-mgmt.com
www.disabilitymanagementservices.com

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SNL Financial

Centre Life Insurance Company *Group Zurich Inc Group***Life Statement of Operations (Pg. 4)**

Period Ended	2003 Y 12/31/2003	2004 Y 12/31/2004	2005 Y 12/31/2005	2006 Y 12/31/2006	09/07 Q 9/30/2007	09/07 YTD 9/30/2007
(Dollars In Thousands)						

Income

Net Premiums & Annuity Consid: Life, A&H	(274,520)	5,357	5,170	4,511	30	2,084
Considerations for Contracts w/ Life Conting	0	0	0	0	0	0

Net Investment Income Earned

Amortization of Interest Maintenance Reserve	97,613	98,166	96,238	95,175	23,447	71,186
Separate Accts Realized Net Gains from Ops	698	(23)	263	132	12	47
	0	0	0	0	0	0

Commissions & Exp Allowance: Ceded Insurance

Reserve Adj: Reinsurance Ceded	29,176	40,481	40,760	35,668	11,019	27,824
Fee Income: Investment Mgmt & Sep Acct Contracts	0	0	0	0	0	0
Fee Income: Deposit type Contracts	0	0	0	0	0	0
Aggregate Write Ins for Misc Income	1,994	(1)	96	9,675	203	502
Revenue: Life	(145,040)	143,980	142,526	145,162	34,711	101,643

Death Benefits

Matured Endowments Excl Annual Pure Endowments	0	0	0	0	0	0
Annuity Benefits	0	0	0	0	0	0
Disability, A&H Benefits	18,945	0	0	0	0	0
Coupons, Pure Endowment & Similar Benefits	0	0	0	0	0	0
Surrender Benefits, Withdrawals for Life Contracts	0	0	0	0	0	0

SNL Interactive: Briefing Book: Life Statement of Operations (Pg. 4)

Page 2 of 3

Group Conversions	0	0	0	0	0	0	0
Interest & Adj on Deposit Type Contracts	0	0	0	0	0	0	0
Pymts on Supp Contracts w/ Life Contingencies	0	0	0	0	0	0	0
Increase in Aggregate Reserve	(197,026)	6,255	5,352	3,883	28	2,086	
Benefits & Losses	(178,081)	6,255	5,352	3,883	28	2,086	

Commissions on Pirms, Annty, Deposit Fnds (Direct)	8,759	8,074	7,537	6,933	1,649	4,834	
Reserve Adj: Reinsurance Assumed	0	0	0	0	0	0	
General Insurance Expenses	39,632	35,078	36,153	29,747	9,635	24,422	
Taxes, Lic, & Fee Expenses Incurred	1,660	1,587	1,585	871	261	1,137	
Inc In Load In Deferred, Uncollected Premiums	0	0	0	0	0	0	
Net Transfer to Separate Accts	0	0	0	0	0	0	
Aggregate Write-Ins for Underwriting Deductions	78,185	95,722	102,681	98,847	21,621	67,031	
Underwriting Deductions	(49,845)	146,716	153,308	140,281	33,194	99,510	

Net Gains before Dividends & Federal Income Taxes	(95,195)	(2,737)	(10,782)	4,881	1,518	2,133	
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Dividends To Policyholders	0	0	0	0	0	0	
Pre-Tax Operating Income	(95,195)	(2,737)	(10,782)	4,881	1,518	2,133	

Federal & Foreign Income Taxes	(55,777)	0	(10,388)	(1,558)	813	1,473	
Net Gains After Div, Fed Inc Tax, before Cap Gains	(39,418)	(2,737)	(394)	6,439	704	660	

Net Realized Capital Gains Less Taxes	(5,976)	0	0	0	0	0	
Capital Gains Tax	15,017	862	19,291	(594)	(1,943)	(1,791)	
Capital Gains Taxes Transferred to IMR	18,237	862	10,388	(594)	(1,116)	(965)	
Net Income	(45,393)	(2,737)	(394)	6,439	704	660	

Capital & Surplus Account							
Capital & Surplus, Beginning of Period	120,606	79,458	70,091	66,897	74,823	75,125	

Net Income	(45,393)	(2,737)	(394)	6,439	704	660	
Net Chg In Unrealized Capital Gains Less Taxes	0	0	0	0	0	0	

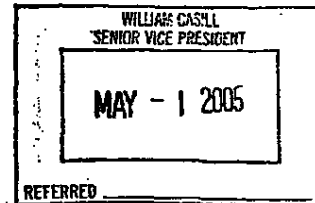
Net Chg Unrealized Foreign Exchange Capital Gains	0	0	0	0	0	0
Net Chg In Deferred Income Taxes	(9,339)	3,373	138	(3,426)	7,538	9,285
Chg In NonAdm Assets	6,437	(8,995)	701	5,698	2,156	415
Chg In Liability: Unauthorized Reinsurance	0	0	0	0	0	0
Decrease In Reserve Due to Chg In Valuation Basis	0	0	0	0	0	0
Chg In Asset Valuation Reserve	(1,154)	(1,008)	(631)	(482)	(136)	(399)
Chg In Treasury Stock	0	0	0	0	0	0
Surplus Withdrawn From Protected Cells	0	0	0	0	0	0
Other Chgs In Surplus: Separate Accts	0	0	0	0	0	0
Chg In Surplus Notes	8,300	0	0	(48,300)	0	0
Effect of Chgs In Accounting Principles	0	0	0	0	0	0
Capital Chgs Paid In	0	0	0	0	0	0
Capital Transferred from Surplus (Stock Dividend)	0	0	0	0	0	0
Capital Chgs Transferred To Surplus	0	0	0	0	0	0
Surplus Adj Paid In	0	0	0	48,300	0	0
Surplus Adj Transferred to Capital (Stock Div)	0	0	0	0	0	0
Surplus Adj Transferred from Capital	0	0	0	0	0	0
Chg In Surplus Due to Reinsurance	0	0	0	0	0	0
Dividends To Stockholders	0	0	0	0	0	0
Aggregate W1 for Gains In Surplus	0	0	(3,009)	0	0	0
Chg In Surplus As Regards Policyholders	(41,149)	(9,366)	(3,195)	8,228	10,263	9,961
Surplus as Regards Policyholders	79,458	70,091	66,897	75,125	85,086	85,086

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CENTRE

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CENTRE INSURANCE
COMPANY

ZC SPECIALTY
INSURANCE COMPANY

CENTRE LIFE
INSURANCE COMPANY

AXA Equitable Life Insurance Company
1290 Avenue of the Americas
New York, NY 10104
Attention: Mr. William Casill

Re: 100% Quota Share Reinsurance Transaction

Gentlemen:

105 EAST 17TH STREET
NEW YORK, NY
10003

TEL: 212-859-2600
FAX: 212-859-2794

ONE EXCHANGE PLACE
SUITE 1000
JERSEY CITY, NJ
07302

TEL: 201-395-4715
FAX: 201-395-4716

As you know, we have been undertaking a review, in conjunction with Disability Management Services ("DMS"), of certain contract issues that have arisen in connection with the administration of the 100% Quota Share Reinsurance Agreement (the "Reinsurance Agreement") between AXA Equitable Life Insurance Company (f/k/a The Equitable Life Assurance Society of the United States ("ELAS")) and Centre Life Insurance Company ("CLIC"). Capitalized terms used but not defined herein have the meanings set forth in the Reinsurance Agreement.

In this letter, we set forth certain of those issues as well as, in some cases, the estimated amounts of reserve adjustments resulting from such issues. We would be pleased to meet with you to discuss these issues and our proposals for resolution of them at your convenience. In the meantime, as you will see from this letter, we believe that a significant dollar amount is due to CLIC in respect of these issues. In light of this, we believe it is not appropriate for CLIC to pay the amount of \$779,969, which payment was requested in an email from Arnold Greenspoon dated December 9, 2004, or any further amounts that may be billed by ELAS in respect of certain legal fees and administrative expenses while there are larger unresolved amounts outstanding that may be due from ELAS to CLIC.

A. Incorrect Reserve Information/Nondisclosure of Assumption

1. Incorrect Age/Benefits Information. You will recall that, prior to CLIC's entering into the Reinsurance Agreement, ELAS provided information about the reserves established by ELAS in respect of the Reinsured Policies. This reserve information affected the projections performed by Tillinghast that were used in its appraisal of the Reinsured Policies. As you are aware, CLIC relied on the reserve information provided by ELAS, and CLIC used the projections and appraisal developed by Tillinghast from that reserve information in calculating the Initial Reinsurance Premium paid to CLIC under the Reinsurance Agreement. Recently, CLIC learned that, in some cases, the reserves set by ELAS were based upon

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incorrect information. Chief among these errors was an erroneous determination in respect of certain claims categories that benefits payable in respect of such claims in such categories would be payable only until the claimant reached age 65. CLIC subsequently discovered that benefits in respect of such claims are payable until the claimant's death. This erroneous determination resulted in ELAS's under-reserving for such claims. As a result, Tillinghast's appraisal, from which CLIC calculated the Initial Reinsurance Premium, did not accurately reflect the reserves required to be established in connection with such benefits. Due to this error by ELAS, CLIC has had to increase claim reserves by \$12.3 million.

In addition, CLIC has identified one particular Reinsured Policy pursuant to which benefits are payable in the amount of \$3,000 per month until the claimant reaches age 65. At that point, by agreement between ELAS and the insured, which agreement pre-dated CLIC's entering into the Reinsurance Agreement, monthly benefits increase to \$10,000 per month. The increased monthly benefits amount from and after age 65 was not reflected in the reserve amounts provided by ELAS to Tillinghast. As a result, CLIC has had to increase claim reserves by \$0.6 million.

2. Incorrect Occupation Class Mapping. CLIC discovered recently that ELAS's reserve and due diligence information supplied by ELAS, which was utilized by Tillinghast in its projections and appraisal, incorrectly mapped certain policyholders, including physicians, to the incorrect CIDA occupation class. Due to this classification/mapping error, CLIC has had to allocate \$4.3 million of its VOBA balance to cover the eventual active life reserve shortfall.

3. Undisclosed Discounting for Claims Payments Already Due. CLIC has learned that the portion of reserves earmarked for claims payments already due was understated by ½ month. Due to ELAS's failure to disclose to Tillinghast and CLIC its practice of discounting reserves for claims payments already due by ½ month, CLIC has had to increase claim reserves by \$4.0 million.

4. Nondisclosure of Assumption. ELAS failed to disclose an assumption that it used to calculate its active life reserves, which affected the projections performed by Tillinghast that were subsequently used in its appraisal of the Reinsured Policies. ELAS utilized both a lapse assumption and a death assumption for purposes of decreasing its active life population. Customary industry practice is to use a lapse assumption that incorporates a death assumption. Although the lapse assumption was fully disclosed, the separate and additional death assumption used to further reduce the active life

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population was not. Had the death assumption been disclosed, CLIC would have reversed the impact of that additional death assumption, which would have increased active life reserves by \$12.7 million and therefore increased CLIC's Initial Reinsurance Premium, accordingly. As a result of ELAS's failure to disclose this additional assumption, CLIC has had to allocate \$12.7 million of its VOBA balance to cover the eventual active life reserve shortfall, which will result from this nondisclosure.

5. Incorrect Reserve Calculation for Physician Policyholders.

CLIC has discovered that when ELAS calculated its reserves, which affected the projections performed by Tillinghast that were subsequently used in its appraisal of the Reinsured Policies, it incorrectly reserved for certain physician policyholders. ELAS had coded physicians into several different occupation codes, including code 201. When ELAS calculated its reserves (both active life and claim reserves) for its physician policyholders, it only gathered and included physician policyholders classified in occupation code 201. The remaining physician policyholders were incorrectly counted for reserve calculation purposes as something other than physicians. As a result of the reserve calculation error, CLIC has had to increase claim reserves by \$0.8 million and has had to allocate \$12.7 million of its VOBA balance to cover the eventual active life reserve shortfall.

In total, ELAS's incorrect reserve information and calculation, incorrect occupation class mapping and failure to disclose the death assumption have resulted in CLIC's having to address these issues by, respectively, (i) increasing claim reserves by \$17.7 million and (ii) allocating \$29.7 million of its VOBA balance to cover the eventual active life reserve shortfall. Under Article XI.A of the Reinsurance Agreement (as well as common law and practice), ELAS had and has a duty of utmost good faith, which has not lapsed. Irrespective of whether or not ELAS knew that it was supplying inaccurate reserve information and failing to disclose the death assumption, ELAS is liable in respect thereof by virtue of its duty of utmost good faith. CLIC relied to its detriment on this inaccurate reserve information, and the projections and appraisal developed from it by Tillinghast, to calculate the Initial Reinsurance Premium. CLIC would have increased the Initial Reinsurance Premium substantially had ELAS provided accurate reserve information.

CLIC hereby requests ELAS to compensate it in an amount equivalent to the increase in Initial Reinsurance Premium to cover the additional reserves established, and VOBA balance allocations made, by CLIC as a result of ELAS's inaccurate information.

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B. Transition Business Expenses

Pursuant to the proviso to clause (iv) of the definition of Ultimate Net Loss Article VI of the Reinsurance Agreement, CLIC is responsible for 20% of actual expenses (including Defense Costs) arising out of the administration of those Reinsured Policies constituting the Transition Business, as defined in the Reinsurance Agreement. ELAS is responsible for the remaining 80%. Notwithstanding the language in clause (iv) of the definition of Ultimate Net Loss to that effect, ELAS incorrectly has been billing CLIC for 100% of actual expenses and CLIC has paid such higher amounts.

CLIC has determined that this arises from two problems with the Reinsurance Agreement administration:

1. Disability Management Services. As contemplated by Article X of the Reinsurance Agreement, DMS took over administration of the Transition Business from UNUM. Although expenses for DMS's services fall within the ambit of the 20%/80% expense split set forth in clause (vi) of the definition of Ultimate Net Loss, CLIC has been paying 100%, instead of 20%, of such expenses. CLIC hereby requests that ELAS reimburse it for 80% of these administrative expenses, which have been paid by CLIC but were properly for ELAS' account.

2. UNUM Provident. Even though DMS has been the third party administrator for the Transition Business, we understand that ELAS has paid and continues to pay UNUM a monthly fee for expenses incurred in administration of the Transition Business. However, it is our understanding that UNUM is performing no claims, actuarial or policyholder services to earn this monthly administrative fee as all such administration is being performed by DMS. While UNUM may be performing certain underwriting functions, we understand that these are extremely limited in nature and the scope thereof is nowhere near commensurate with the fees being charged. Moreover, ELAS has been billing CLIC for 100% of the monthly fees paid to UNUM despite the 20% / 80% fee split set forth in clause (iv) of Ultimate Net Loss.

The upshot of the foregoing paragraphs 1 and 2 is that CLIC is paying 100% of DMS's monthly administrative fees and 100% of UNUM's monthly administrative fees, or a total of 200% of the costs, even though CLIC's contractual share of such costs is only 20%. We do not understand why ELAS is continuing to pay UNUM a full monthly administrative services fee when, in fact, we understand that UNUM performs extremely limited ongoing services for the ELAS Transition Business.

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CLIC hereby requests that ELAS reimburse it for 80% of DMS' expenses and the entirety of the UNUM administrative expenses which have been incorrectly billed to, and paid by CLIC. CLIC further requests that ELAS immediately cease billing CLIC for any portion of the fees paid to UNUM for administrative services in connection with the ELAS Transition Business in light of the fact that all such services are being performed by DMS and no such services are being performed by UNUM.

C. Legal Fees

1. ECL and Legal Fees and Expenses Incurred in Defending ECL.
ELAS has billed CLIC for reimbursement of amounts incurred by ELAS, either directly or indirectly through UNUM, for ECL and defense of ECL claims brought in connection with lawsuits involving Reinsured Policies which arise out of alleged conduct of UNUM.

Under the Reinsurance Agreement, CLIC does not reinsure ELAS against ECL or legal fees incurred defending against ECL arising from policy and claim administration by ELAS or by UNUM on behalf of ELAS. Many of the lawsuits managed by UNUM and some of the lawsuits managed by DMS include such allegations. Because legal bills submitted by outside counsel do not provide sufficient detail to separate fees incurred in defending against such allegations from fees incurred defending against reinsured contractual allegations, it is impossible to accurately calculate ELAS's and CLIC's respective shares of such fees. CLIC and ELAS have reached agreements on fee allocations for specific lawsuits managed by DMS. However, all fees incurred in lawsuits managed by UNUM, and associated UNUM overhead markups, apparently have been passed along to and paid by CLIC.

In a memorandum to ELAS attorney Michael Eng dated March 12, 2004, DMS attorneys Andy Cohen and Michele Allen described the issue and suggested a methodology for appropriately allocating legal fees between ELAS and CLIC. They reviewed the legal fees in lawsuits where it was possible to accurately allocate fees and reviewed the characteristics of those lawsuits that drove ECL defense costs. Cohen and Allen then reviewed what they knew about the characteristics of the remaining cases to arrive at a recommendation that ELAS pay 28% of the legal fees incurred in lawsuits managed by UNUM. ELAS has not yet responded to the March 12, 2004 memorandum. A copy of that memorandum is attached to this letter.

In addition, the most recent ELAS request for reimbursement includes requests for reimbursement of legal fees and costs incurred by UNUM that do

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not reflect an allocation that has been agreed upon by ELAS and CLIC. The request includes several entries pertaining to fees incurred in a lawsuit filed by Timothy Mock. Mock's policy and ongoing claim for disability are reinsured by CLIC. However, his lawsuit involves allegations that investigators retained by UNUM took tortious actions while gathering information about his claim. ELAS and CLIC have agreed that CLIC is not liable for any fees incurred while defending against these extra-contractual claims involving administration by UNUM on behalf of ELAS. Nevertheless, the request contains several entries pertaining to Mock's lawsuit. ELAS' request does not break down UNUM's costs or overhead markups by lawsuit. To the extent that such costs and markup are attributed to the *Mock* lawsuit, they are not reinsured.

Earlier requests for reimbursement do not contain sufficient detail to determine if *Mock* legal fees were inadvertently included or whether fees involving several other lawsuits for which ELAS and CLIC specifically agreed upon appropriate allocations were miscalculated. An audit is necessary to determine whether any such fees were inadvertently misallocated.

2. Legal Fees and Expenses for Unreinsured Policies. DMS has advised CLIC of at least one request from ELAS for reimbursement of expenses paid by ELAS to UNUM in connection with UNUM's defense of a lawsuit brought by Douglas Altschuler, a holder of a policy that is not one of the Reinsured Policies. Rather, the policy apparently is one of the "private label" policies that CLIC never reinsured. This appears in the most recent ELAS request for reimbursement, dated December 9, 2004. From this billing, we also need to subtract out UNUM's costs in connection with the lawsuit and its overhead markup. Earlier requests for reimbursement do not contain sufficient detail to determine whether legal fees attributable to this case were included inadvertently and whether fees involving other unreinsured policies were inadvertently included. As with paragraph 1 above, an audit with DMS' assistance will be needed to determine the amount incorrectly paid by CLIC in connection with this lawsuit and other suits involving policies that were not reinsured by CLIC. CLIC hereby requests reimbursement of such amounts and will advise ELAS of the requested amounts of reimbursement at the conclusion of the audit.

3. Legal Fees and Expenses for Unreserved Lawsuits, including ECL. The definition of Ultimate Net Loss provides that CLIC will not be responsible to pay benefits and claims settlements in respect of claims in litigation on or prior to the Inception Date for which no reserves were established by ELAS (the "Unreserved Lawsuits"). Illogically, however, the

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provision seems to provide that CLIC has liability for legal fees and expenses incurred by ELAS in defending such lawsuits and does not have liability for agent commissions in respect of the policies involved in such lawsuits. We understand, as Eileen Sweeney has expressed during numerous discussions with Selig Ehrlich at various times in the past, that CLIC never agreed to pay legal fees and expenses, but did agree to pay the agent commissions.

CLIC hereby requests reimbursement from ELAS for legal fees and expenses, including without limitation, those associated with ECL, incurred by ELAS in connection with the Unreserved Lawsuits, which amounts were incorrectly billed to, and paid by CLIC. CLIC anticipates that it will conduct an audit, with DMS' assistance, of amounts paid to ELAS for the foregoing expenses and will advise ELAS of the requested amount of reimbursement at the conclusion of that audit.

4. Legal Fees and Expenses Incurred in Defending a Class Action Lawsuit; Effect of Lawsuit Commissions. ELAS requested and received reimbursement from CLIC for \$154,983 for legal fees ELAS incurred while successfully defending against a class action lawsuit referenced as *Siefe*. CLIC subsequently learned that *Siefe* was filed in approximately November 2000 in California state court. The lawsuit was brought by former ELAS agents. It alleged that ELAS breached its agreements with the agents by failing to pay commissions based on the commission schedules in force as of the date of the applications for certain disability income policies. On May 4, 2001, the judge denied plaintiffs' motion for certification of an interstate class. On September 25, 2001, the judge ordered summary judgment in favor of ELAS, thus ending the lawsuit. From the limited information provided by ELAS, CLIC does not know whether the plaintiffs appealed or whether additional legal fees were incurred and billed to CLIC in undetailed reimbursement requests.

ELAS would have been liable for the bulk of commission obligations for which recovery was sought in the *Siefe* litigation, and accordingly ELAS should be responsible for the bulk of defense costs in respect of that litigation. Because DMS and CLIC were never notified of *Siefe* and, therefore, never participated in defending the case, CLIC does not have sufficient information to suggest a precise allocation of the defense costs.

CLIC hereby requests ELAS to provide full information about the *Siefe* case, including information regarding the effect on commissions incurred both before and after the Inception Date.

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D. Consultants' Fees

Through June 2001, ELAS requested and received \$217,391.75 from CLIC for fees paid to ELAS claims consultant Jim McMullin and to outside counsel Steve Kasten. This figure represents 90% of the \$241,546.37 that McMullin and Kasten billed ELAS during the period covered by the request. ELAS indicated that it deducted 10% based on its assumption that 10% of the work was performed dealing with ECL and therefore should not be reimbursed by CLIC.

Billing records indicate that the time spent by McMullin and Kasten include (1) supervising the transition of reinsured litigation from UNUM to DMS; (2) assisting DMS by providing historical information necessary to resolve litigation, claims and policyholder service issues; (3) debating ECL allocations with CLIC; (4) supervising UNUM's management of litigation that CLIC declined to control due to ECL risks; and (5) supervising UNUM's management of litigation involving policies that CLIC did not reinsure. Items (1) and (2) are reimbursable, but items (3) and (5) are not. For Item (4), CLIC is responsible for McMullin's and Kasten's time spent on contractual issues but not for time spent on ECL issues. The vast majority of the bills appear to be for items (3), (4) and (5), and McMullin orally confirmed that most of his time was spent on items (3), (4) and (5). As DMS and CLIC have had very little interaction with Kasten, it similarly appears that his time was spent predominately and perhaps exclusively, on items (4) and (5). Therefore, CLIC's share likely is significantly less than 90%.

In their March 12, 2004 memorandum to Eng, Cohen and Allen suggested that McMullin's involvement in transition issues covered by CLIC decreased over time. Accordingly, they recommended that 75% of McMullin's fees from July 2000 through January 2001 should be allocated to CLIC, 50% of McMullin's fees from February through April 2001 should be allocated to CLIC and 20% of McMullin's fees during the remaining time that he provided services should be allocated to CLIC. Cohen and Allen recommended that all of Kasten's time should be allocated to ELAS.

It is unclear whether any subsequent ELAS requests for reimbursement contain fees paid to McMullin or Kasten. An audit is necessary to determine whether any such fees have been included and to determine what percentages of such fees ELAS passed along to CLIC.

* * *

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The foregoing list of issues is not intended to be exhaustive. We have made a good faith effort to set forth all of the issues of which we presently are aware, but we may have overlooked some points and, of course, we may learn of additional issues in the future. CLIC reserves its rights accordingly.

If you would like to discuss any of the foregoing, please feel free to call me at (212) 859-2606. Pursuant to Article XVI of the Reinsurance Agreement, we hereby request access to the relevant books and records in order to perform the audits described above, and, following a report thereon, we believe that it would be most productive if we were to schedule a meeting to attempt to resolve these items amicably and without resort to arbitration.

Very truly yours,

CENTRE LIFE INSURANCE COMPANY

By: Richard Grilli

Richard Grilli
Senior Vice President